Interim report Storebrand Group

3rd quarter 2012

storebrand

Interim report - 3Q 2012:

Storebrand Group

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Storebrand Group

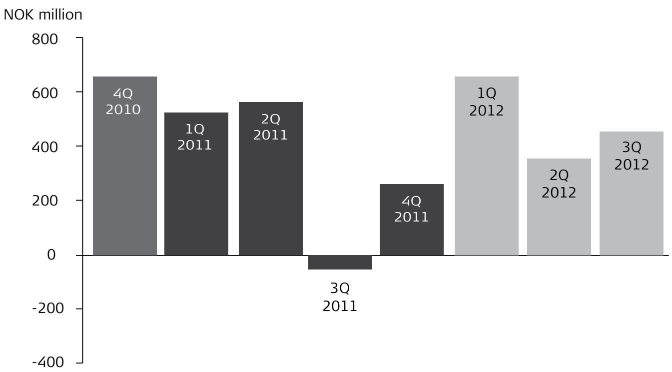
- **Group profit[1] of NOK 458 million for 3rd quarter and NOK 1,471 million year to date**
- **Cost reduction of NOK 400 million by 2014 according to plan, restructuring costs of NOK 181 million charged during the quarter[2]**
- **Implementation of price increases and conversion activities for guaranteed products**
- **Strong sales in occupational pensions and NOK 15 billion AuM growth in third quarter**

The Storebrand Group is a leading company in the Norwegian market for life insurance, pensions and long-term savings. The Group consists of the following business areas: life and pensions, asset management, banking and insurance.

Group result

	3Q		01.01 - 30.09		Full year
NOK million	2012	2011	2012	2011	2011
Storebrand Life Insurance	140	18	519	342	481
SPP	247	-221	646	304	291
Asset Management	-27	73	44	203	293
Bank	60	50	173	162	213
Insurance	93	95	286	204	281
Other activities	-55	-65	-197	-204	-278
Group result before amortisation and write-downs	458	-49	1,471	1,011	1,279
Amortisation and write-downs intangible assets	-108	-97	-300	-296	-394
Group pre-tax profit/loss	350	-146	1 171	715	885

Group result before amortisation and write-downs per quarter



Result

Group profit before amortisation and write-downs of intangible assets was NOK 458 million (minus NOK 49 million) for the 3rd quarter and NOK 1,471 million (NOK 1,011 million) year to date. The figures in brackets show the corresponding period last year.

Storebrand is working actively on adapting to Solvency II. A cost programme to reduce the Group's annual costs by NOK 400 million by 2014 has been implemented and is progressing according to plan. Restructuring costs of NOK 181 million related to this cost programme have been charged against the Group profit in the 3rd quarter.

As part of the adaptation to Solvency II, it has been decided to introduce a fee for new paid-up policies and increase the price of the interest rate guarantee for group defined-benefit pensions in the private sector. A price increase for guaranteed products has also been implemented in SPP.

The returns in Storebrand Life Insurance have been marked by rising equity markets in Norway and internationally. Storebrand Life Insurance has achieved a market return that exceeds the interest rate guarantee in most of its portfolios. The returns for defined-contribution pensions are good and competitive.

In SPP the returns for the customer portfolios have been good and provided a basis for profit sharing and indexation fee in all of the customer portfolios. The underlying administration result performance has been satisfactory.

The results in Storebrand Asset Management have been marked by provisions for restructuring measures as part of the Group's cost programme and weaker growth in income as a result of the shift towards products with lower margins. Asset Management has achieved an excess return of NOK 1.1 billion for its internal and external customers during the quarter. Assets under management during the quarter have increased by NOK 15 billion to NOK 439 billion.

The bank's financial performance is positive, and the portfolio quality is strong. The sales results continue to show a positive trend, and there is lending growth in both the retail and corporate markets.

Storebrand Insurance continues to show a positive financial performance. The portfolio's underlying risk performance is good, and the organisation's operations are efficient. The combined ratio was 88 per cent for the quarter and 85 per cent year to date.

Operational income statement - Storebrand Group

The operational income statement aggregates the result elements for all of the business areas. The statement makes it easier to differentiate between result items that can be directly influenced by Storebrand and the result items that are influenced to a greater degree by the financial markets.

[1] Group profit before amortisation and write-downs of intangible assets.
[2] NOK 190 million in total including NOK 9 million in portfolios with cost and profit sharing

The result before profit sharing and loan losses shows a positive trend year to date compared with the corresponding period last year. Restructuring costs in connection with the cost programme have a negative impact on the quarterly results, but the underlying trend is positive. Financial market returns has provided a basis for profit sharing.

Operational income statement Storebrand Group[1)]

	3Q		01.01 - 30.09		Full year
NOK million	2012	2011	2012	2011	2011
Fee and admininstration income	1,035	981	3,118	2,979	3,952
Operational cost	-716	-675	-2,161	-2,068	-2,800
Fee and admininstration result	**319**	**306**	**958**	**911**	**1,152**
Risk and insurance result	192	191	550	443	686
Holding company and company portfolios	0	-99	-119	-188	-268
Provisions for cost program[2)]	-181	0	-181	0	0
Result before profit sharing and loan losses	**330**	**398**	**1,206**	**1,166**	**1,570**
Net profit sharing and loan losses	129	-448	265	-155	-291
Group profit before amortisation and write-downs	**458**	**-49**	**1,471**	**1,011**	**1,279**
Amortisation and write-downs of intangible assets	-108	-97	-300	-296	-394
Group pre-tax profit/loss	**350**	**-146**	**1,171**	**715**	**885**

Result improvement programme

The Board has adopted a programme to reduce the Group's annual costs by NOK 400 million by 2014. The measures being considered will include increased use of automation and direct distribution, renegotiation of contracts and workforce reductions. The cost programme is an important part of the company's adaptation to Solvency II. Workforce-related restructuring costs of NOK 181 million related to this cost programme have been charged against the Group profit for the 3rd quarter.

Market and sales performance

As a consequence of the low interest rate level and adaptations to Solvency II, most of the traditional products with an interest rate guarantee have an asset allocation that is no longer optimal for the customers. The life insurance operations are focused fully on informing and advising customers to move to other products, and we will continue to do so with unabated strength at Storebrand Life Insurance and SPP.

The occupational pension market in Norway has been marked by the transition from defined-benefit pensions to unit linked defined-contribution pensions. Storebrand has a strong position in both markets. The new regulatory framework for occupational pensions, which are expected to enter into force from 2014, will result in a more dynamic market and need for extensive dialogue with customers and advisory services. Storebrand is working on the development of product and service solutions that are adapted to the new regulatory framework and customer needs.

Storebrand's premium income for guaranteed defined-benefit pensions has been reduced by 6 per cent, while the premium income for defined-contribution pensions has increased by 9 per cent compared with the previous year.

SPP intensified its efforts to advice customers to shift from guaranteed products to unit linked insurance during the quarter. The purpose of this is to provide customers with long-term sustainable pension savings with better opportunities for an excess return. Unit linked insurance accounts for 65 per cent of the year-to-date new sales.

Capital situation

The Storebrand Life Insurance Group's (Storebrand Life Insurance and SPP's) solvency margin was 153 per cent. This is one percentage point higher than at the end of the 2nd quarter. A capital increase of NOK 550 million was completed to Storebrand Livsforsikring AS during the quarter. The effect of this capital increase was essentially offset by a higher solvency requirement as a result of higher reserves and appreciation of the Swedish krone.

Capital adequacy and core capital adequacy for the Storebrand Group at the end of the 2nd quarter were 11.5 per cent and 8.1 per cent, respectively, a reduction of 0.4 and 0.3 percentage points for the quarter.

Key figures

	3Q		01.01 - 30.09		Full year
NOK million	2012	2011	2012	2011	2011
Earnings per share adjusted (NOK)[3)]	0.87	-0.15	2.77	2.19	2.39
Return on equity, annualised[3)]	8.6%	-1.4%	8.9%	7.4%	6.0%
Equity			19,706	18,555	18,777
Capital adequacy Storebrand Group			11.5%	14.0%	13.9%
Solvency margin Storebrand Life Group			153%	165%	161%
Core capital adequacy Bank Group			10.7%	10.9%	11.4%

1) The income statement is based on reported IFRS results for the individual companies in the Group. The statement differs from the official financial statements.
2) NOK 190 million in total including NOK 9 million in portfolios with cost and profit sharing
3) Adjusted for amortisation and write-downs of intangible assets, after tax.

Storebrand Life Insurance

- **Implementation of fee for new paid-up policies and price increase for interest rate guaranteed products**
- **Active conversion of customers from guaranteed products to unit linked insurance**
- **Provisions of NOK 88 million made for restructuring costs in the quarter**

The business area Storebrand Life Insurance[1)] offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Also encompasses BenCo, which offers pension products to multinational companies through Nordben and Euroben.

Result

Financial performance Storebrand Life Insurance including BenCo

	3Q		01.01 - 30.09		Full year
NOK million	2012	2011	2012	2011	2011
Administration result	-60	28	9	79	101
Risk result	34	50	124	81	117
Financial result[2)]	18	-170	-56	-187	-226
Price of interest guarantee and profit risk	137	131	413	395	520
Other	11	-21	30	-27	-32
Pre-tax profit/loss	140	18	519	342	481

Administration result

Provisions of NOK 88 million have been made for restructuring costs in the 3rd quarter. This represents the estimated costs associated with the Group's cost programme. The underlying administration result shows a positive trend. The underlying cost performance is in particular strong.

In September a fee of 2 per cent of the insurance reserves was established for the issuance of new paid-up policies. This fee will enter into force from 1 March 2013. For defined-contribution pensions, the income is driven up by good portfolio growth.

Risk result

The disability result for group pensions is good, primarily as a result of a higher return of employees to working life. This makes a positive contribution for the quarter and the year to date. The longevity results make a negative contribution to the risk result for the quarter and year to date. The current reserves are too low to account for the increased longevity in recent years. The reserves are now being strengthened as a result.

Financial result

The financial result consists of the net return on the company portfolio and the company's share of profit sharing.

The company portfolio reported a net result of NOK 14 million (minus NOK 57 million) for the 3rd quarter and minus NOK 54 million (minus NOK 79 million) for the year to date. Storebrand Life Insurance is funded by a combination of equity and subordinated debt. The proportion of subordinated loans of around 30 per cent and interest charges comprise a net amount of around NOK 130 million per quarter for the next 12 months. The company portfolio of NOK 8 billion reported a gross return of 1.6 per cent (0.9 per cent) for the 3rd quarter and 4.0 per cent (3.8 per cent) for the year to date. The reduced credit spreads had a positive impact on the returns for the quarter.

Storebrand has an ongoing plan to increase reserves related to an expected lower mortality for individual pension insurance policies. According to plan, NOK 43 million has been set aside in the 3rd quarter and NOK 129 million has been set aside for the year to date. The remaining reported required build-up of reserves at the end of the 3rd quarter was estimated to be NOK 43 million. The reserves will be increased by the end of 2012 according to plan. This build-up of reserves can be covered by a positive booked investment result. If the annual booked return for the individual portfolio is higher than 5.8 per cent, the build-up of reserves will take place at no direct cost to the owner. At the end of September, the build-up of reserves is covered by positive investment results.

There is also a need to strengthen the reserves in the group pension insurance area to meet the expected increased life expectancy. Storebrand will prioritise use of profit to strengthen the premium reserve to meet the increased life expectancy in the future. Storebrand Life Insurance will set aside a significant portion of the investment result for customers in 2012 to strengthen the premium reserve for group pension insurance.

Return on investment portfolios with an interest rate guarantee

	3Q 2012		3Q 2011		01.01 - 30.09 2012		01.01 - 30.09 2011		Full year 2011	
Portolio	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return
Total	2.0%	1.3%	-0.9%	0.4%	4.5%	3.1%	1.7%	3.0%	3.4%	4.6%
Total Group (DB)	2.2%	1.1%	-1.5%	0.1%	5.0%	2.8%	1.1%	2.9%	3.0%	4.8%
Paid-up policies	1.7%	1.5%	-0.3%	0.8%	4.1%	3.3%	2.3%	3.2%	3.8%	4.7%
Individual	1.7%	1.4%	-1.0%	-0.3%	4.2%	3.7%	1.7%	2.1%	3.2%	3.6%

1) Includes the companies in the Storebrand Life Insurance Group, except Storebrand Eiendom Group, Storebrand Realinvesteringer AS and Storebrand Holding AB, and personal risk and employee cover in Storebrand Livsforsikring AS.
2) Investment result and profit sharing.

The average annual interest rate guarantee for the various customer portfolios ranges from 3.1 per cent to 3.7 per cent. The guarantee levels for new business have been reduced as a result of the low interest rate level[1]. The booked return as at the 3rd quarter in the customer portfolios is adequate in general to cover the average annual interest rate guarantee. The booked return has also resulted in an undistributed profit to customers and build-up of a customer buffer of NOK 707 million for the 3rd quarter and NOK 1,068 million for the year to date, which must be expected to be used for longevity reserves.

Capital return

The market return for the quarter has been marked by rising equity markets, both nationally and internationally. Short-term interest rates in Norway and internationally have fallen somewhat throughout the quarter, while long-term interest rates have remained relatively stable at low levels.

Market return defined contribution pensions

	3Q		01.01 - 30.09		Full year
Profile	2012	2011	2012	2011	2011
Careful profile	3.0%	-1.6%	6.5%	0.1%	2.8%
Balanced profile	5.1%	-7.3%	9.7%	-6.1%	-1.2%
Aggressive profile	6.1%	-12.0%	11.0%	-11.9%	-5.3%

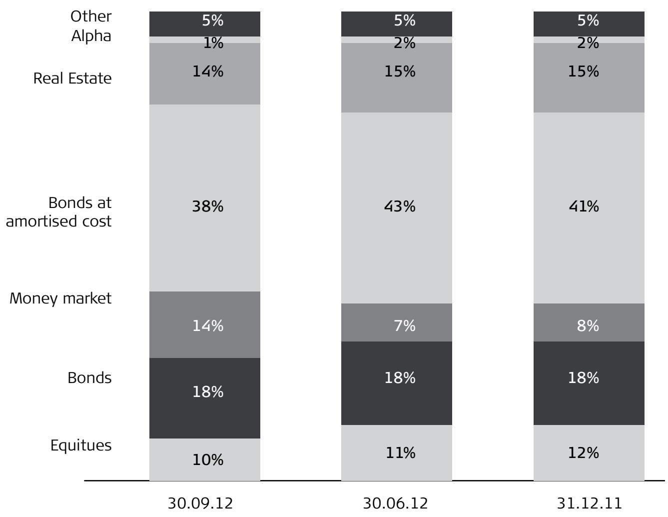
Price of interest rate guarantee and profit risk

NOK 137 million (NOK 130 million) in prepricing for the interest rate guarantee and profit for risk from group pensions was recognised as income in the 3rd quarter. At the end of the quarter, NOK 413 million (NOK 395 million) was recognised as income. The higher income is attributed to higher volumes and higher prices in portions of the portfolio. A decision was made in September to increase the prices for the interest rate guarantee and risk profit for private sector group defined-benefit pensions from 1 January 2014 by around 20 per cent.

Balance sheet

The equity allocation in customer portfolios for paid-up policies and individual products declined in the 3rd quarter. The money market allocation increased correspondingly. For customer portfolios with a guarantee, the held-to-maturity bond allocation declined somewhat in general during the quarter. This is attributed to positions maturing in the portfolios that have not been reinvested in held-to-maturity bonds, but in the money market instead.

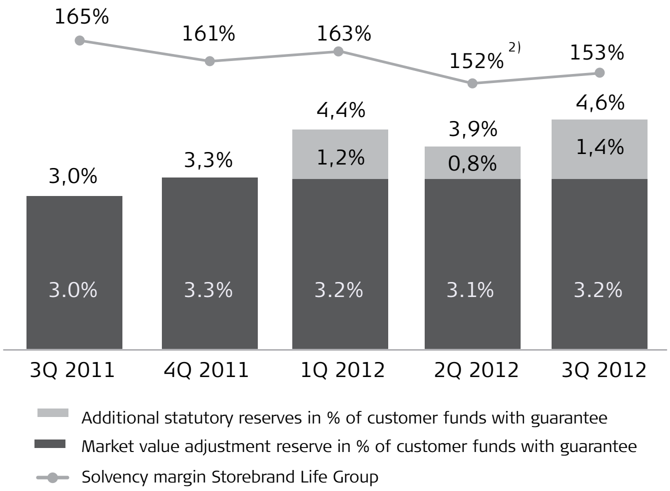
Asset profile for customer portfolios with an interest rate guarantee



There were no major changes in the allocation in the company portfolio during the quarter. The portfolio is invested primarily in the money market, held-to-maturity bonds and property.

The assets under management increased by around NOK 6 billion in the 3rd quarter, and NOK 16 billion as at the 3rd quarter, and totalled NOK 229 billion at the end of the 3rd quarter.

Financial strength



The market value adjustment reserve increased by NOK 1.1 billion during the quarter, and totalled NOK 2.4 billion at the end of the quarter. The additional statutory reserves totalled NOK 5.4 billion at the end of the 3rd quarter, an increase of NOK 0.2 billion during the quarter, which is attributed primarily to reversal of the calculated deduction from the additional statutory reserves as of the 2nd quarter. Calculated deduction as at the 3rd quarter totalled NOK 4 million. The excess value of held-to-maturity bonds valued at amortised cost increased by NOK 2.1 billion in the 3rd quarter and totalled NOK 5.3 billion at the end of the 3rd quarter. The excess value of held-to-maturity bonds is not included in the financial statements.

[1] Maximum interest rate of 2.5 percent for new contracts and existing premiums as of 01.01.2012
[2] Changed consolidation method for solvency calculation as of 2Q 2012.

The solidity capital[1] was NOK 48.9 billion at the end of the 3rd quarter, which is an increase of NOK 5.7 billion during the quarter as a result of an increase in the customer buffers. The solidity capital has increased by NOK 8.8 billion year to date.

The solvency margin for the Storebrand Life Insurance Group increased by 1 percentage points during the quarter and was 153 per cent at the end of the 3rd quarter. The Storebrand Life Insurance Group's capital adequacy ratio increased by 0.2 percentage points during the quarter and was 11.9 per cent at the end of the 3rd quarter. The capital increase of NOK 550 million in July had a positive impact on the capital adequacy and solvency margin.

Market

Premium income[2]

NOK million	3Q 2012	3Q 2011	01.01 - 30.09 2012	01.01 - 30.09 2011	Full year 2011
DB (fee based)	1,954	2,076	7,191	7,661	9,147
DC (unit linked based)	1,075	987	3,302	2,865	3,812
Total occupational pension	3,029	3,063	10,492	10,527	12,959
Paid-up policies	16	18	66	101	116
Traditional individual life and pensions	90	126	285	444	584
Unit linked (retail)	328	179	697	756	929
Total individual pension and savings	434	323	1,048	1,302	1,629
BenCo	145	171	610	527	700
Total	3,608	3,557	12,150	12,355	15,288

In general, the premium income from group defined benefit pensions will gradually decline due to the transition to defined contribution pensions. The growth in premium income for defined-contribution schemes for companies has been good. No new policies have been issued for traditional guaranteed capital and pensions, which has caused a drop in premium income compared with the previous year. The increase in premium income for the 3rd quarter for Unit Linked is attributed to good sales of the Garantikonto product. A reduction in guaranteed savings is in line with the company's plan for alignment with Solvency II.

Sales

A number of large tenders for defined-contribution pensions, employee insurance and group life insurance have been won this year. Booked net transfer to Storebrand was NOK 1,297 million (minus NOK 763 million) in the 3rd quarter and NOK 219 million (minus NOK 4,049 million) year to date. The booked figures year to date have been affected by three municipalities resolving to transfer their pension schemes from Storebrand in 2011, with effect in the accounts as from 1 January 2012.

The market so far has seen a transition from defined-benefit pensions to defined-contribution pensions, and Storebrand has maintained a strong position on the market. The new framework conditions for occupational pensions will result in a more dynamic market and need for extensive dialogue with customers and advisory services. Storebrand is working on the development of product and service solutions that are adapted to the new regulatory framework and customer needs.

Storebrand is working on a number of measures to support its focus on the retail market. Storebrand has a targeted focus on offering favourable products and solutions to the employees of our corporate customers. The goal is to improve customer satisfaction, increase the number of customers and customers with multiple product links.

Asset allocation in the existing individual customer portfolio is no longer optimal for a large number of customers. This is attributed to the low interest rate level and adaptations to Solvency II. Storebrand is contacting these customers and offering conversion to alternative investments with an expected higher net return. As a result of this, NOK 277 million was converted to other products.

The total value of new premiums (APE)[3] was NOK 273 million (NOK 138 million) for the quarter, and NOK 604 million (NOK 564 million) year to date. The increase for the quarter compared with last year was attributed primarily to a higher APE for occupational pensions.

[1] The term solidity capital encompasses equity, subordinated loan capital, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.
[2] Excluding transfer of premium reserves.
[3] Annual Premium Equivalent. Current premiums + 10 per cent of single premiums.

SPP

- **Active conversion of customers from guaranteed products to unit linked insurance**
- **Implementation of price increase for guaranteed products**
- **Introduction of a new default solution for new insurance policies**

The SPP business unit[1)] offers pension and insurance products and consultancy for enterprises in the highly competitive part of the occupational pensions market. It also offers private pension savings and sickness and health insurance.

Result

Financial performance SPP

NOK million	3Q 2012	3Q 2011	01.01 - 30.09 2012	01.01 - 30.09 2011	Full year 2011
Administration result	25	32	91	94	99
Risk result	45	46	119	158	289
Financial result	137	-320	304	-42	-226
Other	41	22	132	94	129
Result before amortisation	247	-221	646	304	291
Amortisation intangible assets	-91	-88	-267	-269	-358
Pre-tax profit/loss	157	-309	378	35	-67

Administration result

Growth in customer assets has contributed to increasing income by 3 per cent[2)] year to date. The pricing of traditional products has been increased with effect from the 4th quarter. This is expected to have a positive impact on the result in the 4th quarter. NOK 16 million in restructuring costs have been charged to the administration result in the quarter in connection with the Group's cost programme.

Risk result

The results related to sickness insurance still show a good performance, and this contributes to most of the risk result. The risk result in 2011 was affected by the dissolution of reserves for sickness compensation and the year-to-date result is as expected lower than last year.

Financial result

The quarter has been marked by rising equity markets and lower bond yields. This has resulted in a positive portfolio return and profit sharing in all of the customer portfolios. In some of the portfolios, the customers' insurance liabilities have increased more than the assets, which has a negative impact on the result in the form of an increased deferred capital contribution. Taking into account the effect of the hedging portfolio for equities, this has given a financial result of NOK 97 million before the indexing fees.

If the assets in the defined benefit portfolio total more than 107 per cent of the insurance liabilities, the company can charge an indexing fee. The consolidation at the end of the 3rd quarter was 108.3 per cent, an increase of 0.7 per cent for the quarter. This provides a basis for indexing fees of NOK 53 million (minus NOK 53 million) in the 3rd quarter and NOK 86 million (NOK 2 million) year to date.

Total return on assets SPP

Portfolio	3Q 2012	3Q 2011	01.01 - 30.09 2012	01.01 - 30.09 2011	Full year 2011
Defined Benefit (DB)	3.2%	2.6 %	4.7 %	6.0 %	8.6 %
Defined Contribution (DC)					
P250*	3.3%	-2.1%	6.5 %	0.5 %	3.3 %
P300*	3.1%	1.9%	4.9%	5.3%	7.6%
P520*	3.0%	6.5%	4.7%	10.5%	12.5%
RP (Retirement Pension)	1.7%	1.2%	2.2%	2.1%	2.8%

** Maximum interest rate guarantee in the portfolios P250, P300 and P520 is 2.5 per cent, 4 per cent and 5.2 per cent respectively.*

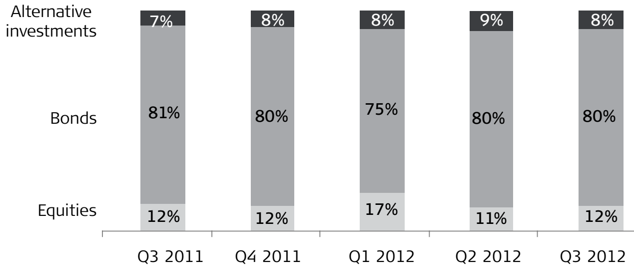
Other result

This result consists primarily of the return on the company portfolio, which is entirely invested in short-term interest-bearing securities. Lower credit spreads during the quarter have compensated for a lower interest rate level.

Balance sheet

SPP adapts its exposure to equities in accordance with the developments in the market and risk-bearing capacity in the portfolios by means of so-called dynamic risk management. SPP introduced a new pay out phase portfolio on 1 August. This means that everyone who has a traditional pension with an interest rate guarantee will have their capital placed in an interest-bearing portfolio for the last five years of the payment period. This entails more stable pension payments for the customer and lower capital requirements for SPP under Solvency II.

Asset profile for customer portfolios with an interest rate guarantee



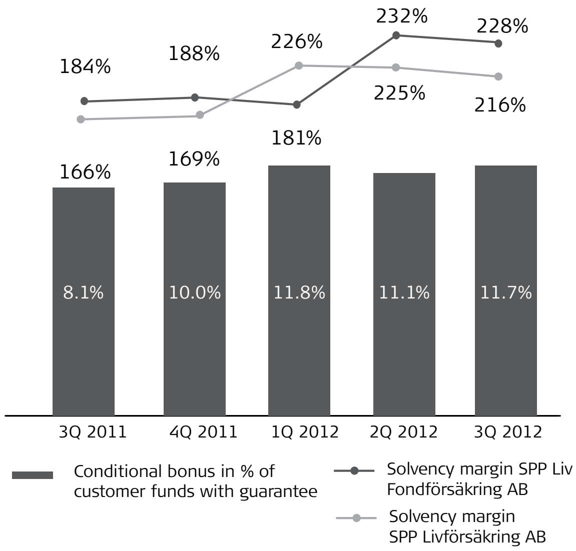
[1)] SPP includes all legal entities in Storebrand Holding Group except SPP Fonder, which is included in Asset Management.
[2)] All percentage changes are in local currency.

The buffer capital (conditional bonus) increased by NOK 0.6 billion (NOK 1.8 million) in the 3rd quarter and totalled NOK 8.6 billion (NOK 6.8 million) at the end of September. This is attributed primarily to rising equity markets.

Solvency

The solvency margin of SPP Livförsäkring AB was 216 per cent and the solvency margin of SPP Liv Fondförsäkring AB was 228 per cent at the end of the quarter. At the end of last year the solvency margin was 169 and 188 per cent, respectively, for the two companies. Insurance liabilities are discounted by a market interest rate for solvency calculations in Sweden.

Financial strength



Due to the change in the company structure of SPP, no formal group solvency is reported as previously. The figure above shows the development of solvency in SPP Livförsäkring AB and SPP Liv Fondsförsäkring AB.

Assets under management totalled NOK 115.2 billion at the end of 3rd quarter. This corresponds to an increase of NOK 4.2 billion during the quarter and is attributed, foremost, to rising equity markets. The assets under management within unit linked insurance at the end of the 3rd quarter totalled NOK 41 billion (NOK 39 billion)

Market

Premium income[1)]

	3Q		01.01 - 30.09		Full year
NOK million	2012	2011	2012	2011	2011
Guaranteed products	602	704	1 909	1 993	2 632
Unit linked	837	762	2 960	2 884	3 633
Total	**1,439**	**1,466**	**4,869**	**4,877**	**6,265**

Net premium income (premium income less insurance claim payments and transfers) was still positive within unit linked insurance and totalled NOK 1,963 million year to date. The net premium income for guaranteed products for the corresponding period was minus NOK 1,972 million.

Campaigns to advice customers to convert to unit linked insurance were intensified in the 3rd quarter. Converting to unit linked insurance should, for example, give the customer long-term sustainable pension savings, in addition to increased transparency with regard to costs and an improved opportunity for an excess return. Large portions of the sales organisation are focusing on this work now.

SPP have a market share within unit linked occupational pension of 8.7 per cent of premiums and 11.7 per cent of new sales. The last public statistics show that SPP has the second highest new sales volume in the market for occupational pensions, excluding union-based schemes, and a market share of 12.5 per cent. For unit linked insurance, the company's market share is 14.8 per cent, which makes SPP the third largest provider in the non union controlled market.

On 15 September SPP launched the SparaSäkra product as a replacement for the generation funds as the default solution for new insurance policies. This solution is aimed at customers that want to save for their pensions in funds and want assistance in choosing the funds and automatic risk adaptation. This is a unique and modern savings solution. SPP SparaSäkra is adapted to customers who desire to make one choice for their pension solution.

The Life Insurance Commission, which has been assigned the task of studying the opportunities for strengthening the interests of the policyholders, has submitted its proposal to the Minister of Finance. The report contains, for example, a proposal for a free right of transfer under certain circumstances for occupational pensions from January 2015. Today around SEK 1,000 billion is invested in paid-up policies in the defined contribution area in the Swedish market. If the proposal is adopted, it will be possible to transfer these paid-up policies to another pension provider. A right to transfer will be positive for SPP and increase the company's potential market.

Sales

New sales measured in APE amounted to NOK 197 million (NOK 225 million) in the 3rd quarter. This corresponds to a reduction of 13 per cent. New sales totalled NOK 733 million (NOK 779 million) year to date. Direct sales and sales via the broker channel are relatively stable compared with the previous year. Lower sales within union-based schemes were attributed to a large degree to fewer individuals making an active choice. Unit linked insurance accounted for 65 per cent (68 per cent) of the total new contracts year to date.

[1)] *Excluding transfer premium reserves*

Asset management

- **Reduction in income as a result of shift from equity to fixed income funds**
- **Significant cost-reducing measures are being implemented. Restructuring costs of NOK 52 million have been charged against income in the 3rd quarter**
- **Excess return of NOK 1.1 billion during the quarter and increase of NOK 15 billion in assets under management**

The asset management business[1] in Storebrand provides a full range of savings and investment products for external and internal institutional customers. In addition, the business area offers securities funds to the retail market.

Result

Financial performance Asset management

	3Q		01.01 - 30.09		Full year
NOK million	2012	2011	2012	2011	2011
Operating revenue	169	184	506	521	684
Operating cost	-189	-118	-447	-359	-481
Operating result	-20	66	59	161	203
Net performance fees	-9	5	-22	36	79
Net financial income	2	3	7	6	11
Result before amortisation	-27	73	44	203	293
Amortisation intangible assets	-2	-2	-4	-7	-9
Pre-tax profit/loss	-28	71	41	196	284

Provisions for restructuring in connection with the Group's cost programme have had a negative impact on the quarterly result for the asset management business. Adjusted for the restructuring costs, the result before amortisation for the quarter was NOK 25 million, which is significantly weaker than the previous year.

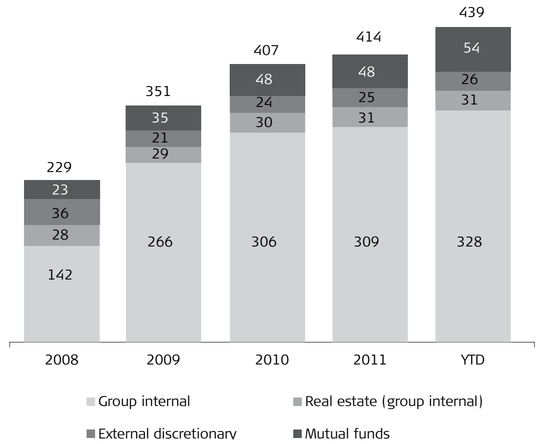
The income for the quarter declined significantly compared with the previous year. Income performance is in general weaker than the previous year as a result of the shift towards low margin products. The increase in volume throughout the year is not large enough to counteract this. Operating expenses for the quarter increased compared with the previous year and the quarter includes a charge of NOK 52 million for restructuring costs. Other cost growth in the quarter has been driven by workforce growth and adaptation to the new regulatory requirements. The returns-based result was minus NOK 8.9 million for the 3rd quarter, compared with NOK 4.6 million in 2011. Returns-based earnings are included in the accounts when they are certain, primarily as at 31 December. The returns-based bonus is linked to value creation in the management and encompasses portfolios with and without returns-based fees. The good value creation this year is reflected in the high bonus provisions.

Assets under management

The combined assets under management totalled NOK 439 billion (NOK 405 billion) at the end of the 3rd quarter[2]. This represents an increase of NOK 15 billion during the quarter:

- The management volume from intragroup customers, including property, increased by NOK 10 billion during the quarter.
- Securities funds increased by NOK 3 billion during the quarter.
- The volume of assets under management for external discretionary customers increased by NOK 2 billion during the quarter.

Assets under management (NOK billion)



Investment performance

There was a positive excess return in relation to the relevant benchmarks of NOK 1.1 billion (negative excess return of NOK 1.5 billion) for the quarter. The excess return year to date totals NOK 1.7 billion (negative excess return of NOK 1 billion). Of all the equity funds (excluding index funds), 42 per cent (33 per cent) showed a return better than their benchmark indices in 2012 (calculated before management fees). All fixed income funds have correspondingly had a return that is better than their benchmark indices at the end of the quarter (27 per cent).

Market

The institutional market has been marked by a low level of activity within the traditional asset classes, with few mandates changing management. Net new sales in the asset management business (external discretionary assets and securities funds) totalled NOK 1 billion (NOK 1.6 billion) for the quarter and NOK 4.1 billion (NOK 5.1 billion) year to date. Net subscriptions for the quarter were NOK 974 million (NOK 1.4 billion) for the Norwegian business, and NOK 68 million (NOK 145 million) for the Swedish business.

[1] The business includes Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, SPP Fonder AB, Storebrand Realinvestering AS and Storebrand Eiendom AS.
[2] Including a foreign exchange gain of NOK 3.3 billion.

Banking

- **Positive financial performance**
- **Good portfolio quality**
- **Restructuring costs of NOK 12 million in 3rd quarter**

Storebrand Bank is a direct bank which offers a broad range of banking services to the retail market. The bank is also a leading provider of consultancy, transaction services and financing for corporate customers within commercial property.

Result

Financial performance Bank[1)]

NOK million	3Q 2012	3Q 2011	01.01 - 30.09 2012	01.01 - 30.09 2011	Full year 2011
Net interest income	122	113	357	339	443
Net commission income	19	18	54	55	73
Other income	16	1	47	25	32
Total income	157	132	458	419	548
Operating costs	-98	-92	-286	-267	-345
Result before losses	59	40	172	152	203
Losses on lending/ investment properties	1	10	1	10	10
Result before amortisation	60	50	173	162	213
Amortisation intangible assets	-14	-6	-24	-15	-22
Pre-tax profit/loss	46	43	148	148	190

The bank reported a result before amortisation and write-downs of NOK 60 million (NOK 50 million) for the quarter and NOK 173 million (NOK 162 million) year to date.

Net interest income and other income showed a positive development during the quarter. The operating expenses are, however, somewhat higher, driven primarily by the restructuring costs of NOK 12 million for the quarter. There was positive lending growth in both the retail and corporate markets, but a seasonal decline in deposits for the quarter.

The interest rate margin is at a higher level than the corresponding period last year. Net interest income as a percentage of average total assets was 1.21 per cent (1.14 per cent) for the quarter and 1.22 per cent (1.16 per cent) year to date.

Other income has shown a positive development in relation to the corresponding periods last year. This is attributed primarily to good sales of interest rate swaps in the corporate market, good income in Hadrian and the positive effects from value fluctuations for financial instruments.

Restructuring costs of NOK 12 million related to the cost programme in the Storebrand Group have been charged as part of the operating expenses for the 3rd quarter. The cost percentage for the banking business[2)] totalled 68 per cent (73 per cent) for the quarter. Adjusted for restructuring costs, the cost percentage would have been 60 per cent for the quarter and 63 per cent year to date.

International financial unrest has not caused problems for the bank's lending portfolio, and the default rate is low and at the same level as the corresponding period in 2011. NOK 1 million (NOK 11 million) was recognised as income on write-downs on loans in the 3rd quarter.

Balance sheet

Gross lending to customers totalled NOK 34.7 billion at the end of the 3rd quarter. This corresponds to a small increase during the quarter. Retail market lending represents 67 per cent of the portfolio. There are few customers in default, and the loss level for the portfolio is low. The volume of non-performing loans was practically unchanged year to date and accounted for 1.0 per cent (1.0 per cent) of gross lending.

The bank has established good liquidity buffers, and puts a lot of emphasis on having a balanced funding structure with varying maturities and issuances in various markets. Credit facilities/agreements have been established with other banks that Storebrand Bank can draw down as required. The deposit-to-loan ratio was 57 per cent at the end of the quarter. This is an increase in relation to the same period last year and year to date.

The banking group has issued covered bonds valued at NOK 4.4 billion and senior loans valued at NOK 2 billion year to date.

The banking group's capital adequacy was 12.0 per cent and the core (tier 1) capital ratio was 10.7 per cent at the end of the quarter.

Market

During the quarter the bank has continued to work on improving the customer experience, with positive results in the form of a high level of customer satisfaction and greater share of wallet. The sales results continue to show a positive development, and lending growth is on par now with the market growth.

The demand for financing in the commercial property market is higher than the supply, and financing for good projects is scarce. The lending margins therefore continue to increase.

1) Encompasses the Storebrand Bank group.
2) The banking business consists of Storebrand Bank ASA and Storebrand Boligkreditt AS.

Insurance

- **Strong risk results**
- **7 per cent growth in premium income**
- **Restructuring costs of NOK 20 million for the quarter**

The Insurance business unit is responsible for the group's one-year risk products. These include injury and health insurance[1] and personal risk and employee cover. Through cost-effective distribution and customer-friendly network solutions the unit offers treatment insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee insurance in the Norwegian corporate market.

Financial performance Insurance

NOK million	3Q 2012	3Q 2011	01.01 - 30.09 2012	01.01 - 30.09 2011	Full year 2011
Premiums earned, net	507	460	1,448	1,351	1,807
Claims incurred, net	- 333	- 316	- 953	- 986	-1,314
Operating costs	- 109	- 84	- 281	- 248	- 332
Insurance result	65	60	215	116	161
Net financial result	29	35	71	87	119
Result before amortisation	93	95	286	204	281
Amortisation intangible assets	- 1	- 1	- 4	- 5	- 6
Pre-tax profit/loss	92	94	282	198	275

The financial performance of Storebrand Insurance was good in the 3rd quarter. The insurance result was NOK 65 million (NOK 60 million) for the quarter, and NOK 215 million (NOK 116 million) year to date, with a combined ratio of 85 per cent (92 per cent). The insurance result reflects good underlying risk performance in the portfolio combined with efficient operations within the organisation. Premium income for own account was up 7 per cent compared with last year and reflects continued stable growth in the unit.

Key figures Insurance

In %	3Q 2012	3Q 2011	01.01 - 30.09 2012	01.01 - 30.09 2011	Full year 2011
Claims ratio[2]	66%	69%	66%	73%	73%
Cost ratio[2]	22%	18%	20%	19%	19%
Combined ratio	88%	87%	85%	92%	91%

The motor vehicle and property portfolio has experienced several fires, which have contributed to reducing the insurance result for the quarter. Storebrand Insurance had nevertheless a strong overall risk result for the period with a claims ratio that was 3 percentage points lower than the corresponding period last year.

Overall this gives an improvement of 7 percentage points in the claims ratio year to date. The underlying risk performance is good in all of the product areas, which is a result of continuous development of the pricing models in combination with specific product initiatives.

The increase in the cost percentage is temporary and consists primarily of the unit's provisions for the estimated costs associated with the cost programme within the Group. These estimated costs total NOK 20 million for the quarter. The cost base must be rationalised further by increased automation and sourcing of services, in addition to increased sales via cost-effective and direct-based channels.

Storebrand Insurance's investment portfolio totals NOK 3.7 billion and is primarily invested in various short and medium term fixed income securities. Financial income is lower than last year and marked by enduring low interest rates.

Market

Storebrand Insurance offers a broad range of products to the retail and corporate markets. Profitability in the market remains good, but we find that competition in the retail market is growing, and that competition is particularly strong within the upper segment of the corporate market. Total written premiums as at the end of the 3rd quarter amount to NOK 2.3 billion, NOK 1.1 billion of which is from the retail market and NOK 1.2 billion of which is from the corporate market.

Storebrand has an established position in the retail market for personal insurance and a challenger position for P&C insurance (motor vehicle and property). Growth in personal insurance is stable and in accordance with the general market growth. The sale of property and casualty insurance is stable with direct channels as the primary distribution channel. This contributes to a cost-effective distribution model.

The corporate market is in general a mature market with the exception of health insurance, which has an annual growth rate of 20 per cent. Measured in written premiums, Storebrand is a market leader within health insurance, with continued good sales growth in the 3rd quarter, which reflects a focus on health insurance and continued high demand in the market. With regard to other employee insurance segments, Storebrand is one of several large companies. Demand for products that link health and employee insurance plus disability cover continues to grow. This is driven by the companies' desire to reduce absence due to illness, increase job satisfaction and reduce the overall insurance costs.

[1] Health insurance is owned 50 per cent each by Storebrand ASA and Munich Re.
[2] For own account.

OTHER ACTIVITIES

Other activities principally consist of the Storebrand Group's parent company, Storebrand ASA, and accounting eliminations.

Result

Financial performance other activities

	3Q		01.01 - 30.09		Full year
NOK million	2012	2011	2012	2011	2011
Storebrand ASA					
Interest income	18	20	61	52	73
Interest expenses	-42	-42	-130	-116	-161
Gains/losses securities	6	-3	8	-7	-8
Other financial items	-3	-4	-12	-13	-16
Net financial items	-21	-28	-73	-83	-113
Operating costs	-36	-37	-127	-120	-165
Pre-tax profit/loss Storebrand ASA[1]	-57	-65	-199	-203	-278
Eliminations	2		2		
Pre-tax profit/loss	-55	-65	-197	-204	-278

Storebrand ASA's result in accordance with IFRS is shown in the table above. The official financial statements have been prepared pursuant to Norwegian accounting law and are presented in full in the financial statements section.

Balance sheet

Storebrand ASA held liquid assets of NOK 1.86 billion at the end of the quarter. Liquid assets consist primarily of short-term fixed income securities with strong credit rating.

Total interest-bearing debt at Storebrand ASA amounted to NOK 3.5 billion at the end of the quarter. The next maturity date for bond debt is in March 2013.

Storebrand ASA owned 0.69 per cent (3,124,482) of the company's own shares at the end of the quarter.

[1] *Profit and loss, Storebrand ASA, before group contributions.*

Outlook

Macroeconomic situation
The quarter was marked by uncertainty in the financial markets. The central banks in Europe and the US implemented monetary policy measures that have a positive impact on the market. The Norwegian economy is performing well compared with the rest of Europe. Growth in the oil industry and low interest rates are making a positive contribution. The downturn internationally has the opposite effect and is dampening the economy in Norway to some extent. Growth in Europe is expected to be low in the years to come. This will also have an impact on the development of Storebrand's home markets, Norway and Sweden. The low interest rate level is challenging for insurance companies that have to cover an annual interest rate guarantee. At the same time, Storebrand feels there are still good investment opportunities in the market with expected returns that exceed the average interest guarantee of 3.4 per cent. Growth is still expected in Storebrand's core markets. Unemployment in Norway fell from an already low level, and wage growth is expected to be around 4 per cent in 2012. Growth in the life and pensions market is marked by a shift in demand from defined-benefit pensions with an interest rate guarantee to defined-contribution products without an interest rate guarantee.

Financial performance
The Group's earnings and cash flow will gradually stabilise through the transition to products for which financial performance is affected to a lesser degree by market fluctuations. Storebrand has declared its intention to reach a result before profit sharing and loan losses of NOK 2.5 billion by 2013. The Group's results will also be affected by net profit sharing, investment fees and loan losses. The financial markets have been extremely volatile, which has meant that the Group is behind schedule in reaching its target. The Board therefore adopted a programme in the 2nd quarter to reduce the Group's costs by at least NOK 400 million by 2014.

Risk
Storebrand is exposed to several types of risk through its business areas. Interest rate, property and equity market trends are considered to be the most important risk factors that can affect the Group's results, in addition to life expectancy and disability trends. Over time, it is important to be able to deliver returns that exceed the interest rate guarantee attached to the products. Risk management is therefore a prioritised core area for the Group.

Regulatory changes in private occupational pensions
The Ministry of Finance has announced that a bill will be submitted to the parliament as a follow-up to Norwegian Public Report (NOU) 2012:3 on paid-up policies and capital requirements. This applies, for example, to the proposed investment options for paid-up policies, which are expected to enter into force from 1 January 2013.

The Banking Law Commission's report 2012:13 Pension Acts and the National Insurance Reform II has been circulated for comment and is now under consideration in the Ministry of Finance. This autumn the Banking Law Commission will be working on rules for the transition from the current defined-benefit occupational pension schemes to the new hybrid products that have been proposed. This report will be submitted to the Ministry of Finance around the turn of the year. The Ministry has stated that it aims for the Storting to adopt comprehensive new regulations for occupational pensions, which will include both new products and transitional rules. According to plan, the new regulations will enter into force on 1 January 2014.

Storebrand is positive towards the proposal on new occupational pension products that are well adapted to the new National Insurance and better adapted to the new capital requirements through Solvency II than the existing defined-benefit pensions. The taxation framework allows room for good pension schemes for employees. The proposal provides greater flexibility and more predictable costs for employers compared with current defined-benefit schemes. Capital requirements arising from the new products will be risk-manageable. Their zero guarantee reduces the returns risk and the risk of longevity is significantly reduced as a result of the life expectancy adjustment.

Storebrand believes that it is essential to find good solutions for the transition from the current products to new products, and that this phase of the Banking Law Commission's work will be important to the ability of the Norwegian pension providers to adapt to the Solvency II regulations.

Solvency II
The next milestone in the Solvency II process is to adopt the amendments to the Solvency II Directive, known as the Omnibus II Directive. Important points that are discussed include the transitional provisions and method of determining the risk-free yield curve. These discussions involve the European Commission, European Council and European Parliament. There are delays with respect to the earlier schedule, which assumed the adoption of Omnibus II in September or October. The greatest challenges are linked to how insurance contracts with long-term guarantees should be treated. An impact assessment has been planned, in which the companies will be requested to calculate their capital requirements based on various methods and under different scenarios. There are key problems for both the Norwegian and Swedish operations, and Storebrand and SPP are planning to participate in the impact assessment. The response will be prepared during the period from October to December, and it is expected that the results will be ready in March 2013. It is therefore doubtful that the planned implementation of Solvency II as of 1 January 2014 can be met.

Storebrand is working actively to adapt to the new solvency regulations. The cost programme that has been adopted is an important part of the adaptation process. A number of other measures have also been implemented, including risk reduction in the investment portfolios, adaptations in the products and an optimal allocation of capital in the Group. Storebrand's aim is to adapt to the new regulatory framework as a result of Solvency II without raising more equity.

Amendment of the Norwegian Tax Code
The National Budget 2013, which was published on 8 October 2012, proposes the elimination of the tax exemption method for customer portfolios in life insurance companies with effect from 1 January 2012. Capital gains or losses realised on equities will thus be taxable or deductible, respectively, for equities that are owned by customer portfolios in life insurance companies. This change will mean that the difference between the accounting and taxable results will be less in the future and over time lead to a normalized tax for the group. Life insurance companies will still receive a tax allowance for allocations to insurance reserves. This change has been described in greater detail in note 3 in the financial statements section.

Future reserves for a higher expected life expectancy
The Financial Supervisory Authority is consulting with the Norwegian financial sector on new life expectancy tables. There is a general need for reserves to boost provisions for longer life expectancy within group pensions. The final process, the level of the life expectancy tariffs and reserve requirements, will depend on the Banking Law Commission's work on designing a new occupational pension scheme for the private sector. Based on the current product rules for group pensions, the build-up of reserves will comprise 3-7 per cent of the premium reserve. The new structure for occupational pensions may have a positive effect on the reserve requirement and time horizon. The reserve is expected to be mainly covered through financial and risk profits. Storebrand set aside a total of NOK 1.5 billion in 2010 and 2011 for future longevity reserves. Customers must expect that Storebrand Life Insurance will once again set aside a considerable amount of the returns beyond the interest rate guarantee to cover the projected longer life expectancy in 2012 as well.

Lysaker, 23 October 2012

Storebrand Group

PROFIT AND LOSS ACCOUNT

		3Q		01.01 - 30.09		Full year
NOK mill.		2012	2011	2012	2011	2011
Net premium income		6,844	5,484	21,285	20,732	25,587
Net interest income - banking activities	11	122	113	357	339	443
Net income from financial assets and property for the company:						
- equities and other units at fair value	12		-10		-5	25
- bonds and other fixed-income securities at fair value	12	201	75	524	361	505
- financial derivatives at fair value	12	-2	20	14	63	38
- net income from bonds at amortised cost	12	18	20	69	33	49
- net income from real estate	17	15	13	24	52	82
- result from investments in associated companies		1		-2	3	-4
Net income from financial assets and real estate for the customers:						
- equities and other units at fair value	12	1,986	-9,147	5,375	-11,002	-5,998
- bonds and other fixed-income securities at fair value	12	2,684	3,470	6,812	6,154	7,890
- financial derivatives at fair value	12	1,763	236	465	3,721	2,852
- net income from bonds at amortised cost	12	777	997	2,202	2,082	2,850
- net interest income lending		30	30	85	89	126
- net income from real estate	17	302	322	555	1,328	1,581
- result from investments in associated companies		28	24	46	33	72
Other income		655	283	1,685	1,480	2,127
Total income		**15,424**	**1,932**	**39,497**	**25,466**	**38,225**
Insurance claims for own account		-5,106	-5,631	-16,619	-19,701	-25,107
Change in insurance liabilities		-6,801	-1,359	-14,097	-6,790	-11,668
To/from buffer capital		-1,666	6,069	-3,617	5,249	4,163
Losses from lending/reversal of previous losses		1	11	1	18	14
Operating costs	13	-1,178	-842	-3,041	-2,547	-3,392
Other costs		-55	-74	-150	-187	-274
Interest expenses		-160	-156	-504	-498	-681
Total costs before amortisation and write-downs		**-14,966**	**-1,981**	**-38,027**	**-24,455**	**-36,946**
Profit before amortisation and write-downs		**458**	**-49**	**1,471**	**1,011**	**1,279**
Amortisation and write-downs of intangible assets		-108	-97	-300	-296	-394
Group pre-tax profit		**350**	**-146**	**1,171**	**715**	**885**
Tax cost	3	-72	-13	-230	-23	-144
Result after tax sold/wound up business		3	-16	1	-28	-60
Profit/loss for the year		**282**	**-175**	**943**	**664**	**681**
Profit/loss for the year due to:						
Majority's share of profit		280	-177	938	658	674
Minority's share of profit		2	2	5	5	7
Total		**282**	**-175**	**943**	**664**	**681**
Earnings per ordinary share (NOK)		0.63	-0.40	2.10	1.47	1.51
Average number of shares as basis for calculation (million)				447	446	446
There is no dilution of the shares						

Storebrand Group

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	3Q		01.01 - 30.09		Full year
Million NOK	2012	2011	2012	2011	2011
Profit/loss for the year	282	-175	943	664	681
Other result elements					
Change in pension experience adjustments, net of tax	-5	16	-31	6	52
Translation differences, after tax	117	21	54		117
Adjustment of value of properties for own use, net of tax	31	-9	71	23	76
Gains/losses available-for-sale bonds	-2	44		-170	-218
Total comprehensive income elements allocated to customers	-29	-35	-71	148	142
Total other result elements	**112**	**37**	**23**	**5**	**169**
Total comprehensive income	**394**	**-138**	**966**	**669**	**850**
Total comprehensive income due to:					
Majority's share of total comprehensive income	391	-141	962	664	841
Minority's share of total comprehensive income	3	3	4	5	9
Total	**394**	**-138**	**966**	**669**	**850**

Storebrand Group

STATEMENT OG FINANCIAL POSITION

Million NOK	Note	31.09.12	31.12.11
Assets company portfolio			
Deferred tax assets		20	58
Intangible assets		6,310	6,523
Pension assets		46	46
Tangible fixed assets		157	155
Investments in associated companies		122	125
Claims from associated companies		69	69
Financial assets at amortised cost:			
- Bonds		2,183	1,985
- Bonds held to maturity		221	169
- Lending to financial institutions		268	269
- Lending to customers	16	34,545	33,323
Reinsurers' share of technical reserves		160	176
Real estate at fair value	17	1,316	1,325
Real estate for own use	17	63	67
Biological assets		105	64
Accounts receivable and other short-term receivables		2,458	1,803
Financial assets at fair value:	*14*		
- Equities and other units		222	322
- Bonds and other fixed-income securities		21,492	20,059
- Derivatives		1,389	1,291
Bank deposits		3,765	3,924
Assets sold/liquidated business	20	17	35
Total assets company		**74,927**	**71,788**
Assets customer portfolio			
Tangible fixed assets		257	268
Investments in associated companies		123	106
Claims from associated companies		675	428
Financial assets at amortised cost:			
- Bonds		58,618	62,976
- Bonds held to maturity		10,435	7,983
- Lending to customers	16	3,621	3,010
Real estate at fair value	17	27,166	27,471
Real estate for own use	17	2,077	1,393
Biological assets		489	552
Accounts receivable and other short-term receivables		5,003	1,900
Financial assets at fair value:	14		
- Equities and other units		76,813	84,936
- Bonds and other fixed-income securities		152,729	128,034
- Derivatives		3,598	5,149
Bank deposits		5,283	5,447
Total assets customers		**346,886**	**329,654**
Total assets		**421,813**	**401,442**

Continues on next page

Storebrand Group

STATEMENT OF FINANCIAL POSITION CONTINUE

Million NOK	Note	30.09.12	31.12.11
Equity and liabilities			
Paid in capital		11,718	11,717
Retained earnings		7,871	6,929
Minority interests		117	132
Total equity		**19,706**	**18,777**
Subordinated loan capital	15	7,179	7,496
Buffer capital		19,112	15,480
Insurance liabilities		320,568	307,095
Pension liabilities		1,634	1,629
Deferred tax		203	
Financial liabilities:			
- Liabilities to financial institutions	15	3,047	6,016
- Deposits from banking customers	18	19,654	18,477
- Securities issued	15	17,746	13,626
- Derivatives company portfolio		1,110	736
- Derivatives customer portfolio		510	1,983
Other current liabilities		11,337	10,095
Liabilities sold/liquidated business	20	5	30
Total liabilities		**402,107**	**382,665**
Total equity and liabilities		**421,813**	**401,442**

Storebrand Group

RECONCILIATION OF GROUP'S EQUITY

	Majority's share of equity									
	Paid in capital				Retained earnings					
Million NOK	Share capital[1]	Own shares	Share premium reserve	Total paid in equity	Pension experience adjustments	Re-statement differences	Other equity[2]	Total retained earnings	Minority interests	Total equity
Equity at 31 December 2010	**2,250**	**-19**	**9,485**	**11,715**	**-801**	**101**	**7,230**	**6,530**	**172**	**18,417**
Profit for the period							674	674	7	681
Change in pension experience adjustments					52			52		52
Translation differences						115		115	2	117
Total other result elements					**52**	**115**		**167**	**2**	**169**
Total comprehensive income for the period					**52**	**115**	**674**	**841**	**10**	**851**
Equity transactions with owners:										
Own shares		2		2			19	19		21
Share issue							-491	-491	-3	-494
Purchase of minority interests							38	38	-48	-10
Other							-9	-9	1	-8
Equity at 31 December 2011	**2,250**	**-17**	**9,485**	**11,717**	**-749**	**216**	**7,461**	**6,929**	**132**	**18,777**
Profit for the period							938	938	5	943
Change in pension experience adjustments					-31			-31		-31
Translation differences						55		55	-1	54
Total other result elements					**-31**	**55**		**24**	**-1**	**24**
Total comprehensive income for the period					**-31**	**55**	**938**	**962**	**4**	**966**
Equity transactions with owners:										
Own shares		2		2			22	22		24
Provision for dividend									-8	-8
Purchase of minority interests							-4	-4	-11	-15
Other							-39	-39	-1	-39
Equity at 30 September 2012	**2,250**	**-16**	**9,485**	**11,718**	**-780**	**271**	**8,379**	**7,871**	**117**	**19,706**

[1] 449,909,891 shares with a nominal value of NOK 5.
[2] Includes undistributable funds in the risk equalisation fund amounting to NOK 581 million and security reserves amounting NOK 263 million.

Equity changes with the result for the individual period, equity transactions with the owners and items recognised in the total result Share capital, the share premium fund and other equity is evaluated and managed together. The share premium fund may be used to cover a loss, and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

The own shares column shows the nominal values of the holding of own shares. The amount paid in excess of the equity's nominal value is booked as a reduction in other equity, such that the entire cost price for own shares is deducted from the Group's equity. A positive amount on the "own shares" line is due to own shares being used in the shares scheme for employees.

Storebrand pays particular attention to the active management of equity in the Group. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the Group's capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new equity, this is procured by the holding company Storebrand ASA, which is listed on the stock exchange and the Group's parent company.

Storebrand is a financial group subject to statutory requirements regarding primary capital under both the capital adequacy regulations and the solvency margin regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand, these legal requirements carry the greatest significance in its capital management.

The Group's goals are to achieve a core (tier 1) capital ratio in the bank of more than 10 per cent and a solvency margin in life and pensions of more than 150 per cent over time. In general, the equity of the Group can be managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity. Capital can be transferred foreign legal entities with the consent of local supervisory authorities.

For further information on the Groups fulfillment of the capital requirements, see note 22.

Storebrand Group

CASH FLOW ANALYSIS

	01.01 – 30.09	
Million NOK	2012	2011
Cash flow from operational activities		
Net receipts - insurance	14,812	18,591
Net payments compensation and insurance benefits	-12,369	-12,884
Net receipts/payments - transfers	-825	-4,562
Receipts - interest, commission and fees from customers	1,239	1,203
Payments - interest, commission and fees to customers	-402	-365
Payment of income tax	-5	-7
Payments relating to operations	-2,487	-2,150
Net receipts/payments - other operational activities	-243	3,967
Net cash flow from operations before financial assets and banking customers	**-279**	**3,793**
Net receipts/payments - lending to customers	-1,788	1,554
Net receipts/payments - deposits bank customers	1,176	-502
Net receipts/payments - mutual funds	2,001	-4,322
Net receipts/payments - real estate investments	747	-532
Net change in bank deposits insurance customers	-1,327	1,507
Net cash flow from financial assets and banking customers	**809**	**-2,294**
Net cash flow from operational activities	**530**	**1,499**
Cash flow from investment activities		
Net payments - sale/capitalisation of group companies	9	36
Net receipts/payments - sale/purchase of property and fixed assets	-7	-13
Net receits/payments - sale/purchase of fixed assets	-129	-60
Net receits/payments - purchase/capitalization of associated companies and joint ventures	-260	-138
Net cash flow from investment activities	**-389**	**-175**
Cash flow from financing activities		
Payments - repayments of loans	-2,982	-2,486
Receipts - new loans	6,770	2,792
Payments - interest on loans	-529	-530
Receipts - subordinated loan capital	149	
Payments - repayment of subordinated loan capital	-250	
Payments - interest on subordinated loan capital	-487	-496
Net receipts/payments - lending to and claims from other financial institutions	-2,975	-1,003
Receipts - issuing of share capital	11	17
Payments - dividends	-8	-541
Net cash flow from financing activities	**-300**	**-2,246**
Net cash flow for the period	**-159**	**-922**
- of which net cash flow in the period before financial assets and banking customers	-968	1,372
Net movement in cash and cash equivalents	-159	-937
Cash and cash equivalents at start of the period for new companies	-37	1
Cash and cash equivalents at start of the period	4,230	3,158
Currency translation differences	-1	
Cash and cash equivalents at the end of the period [1]	**4,033**	**2,222**
1) Consist of:		
Lending to financial institutions	268	229
Bank deposits	3,765	1,993
Total	**4,033**	**2,222**

The cash flow analysis shows the Group's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

Operational activities
A substantial part of the activities in a financial group will be classified as operational. All receipts and payments from insurance activities are included from the life insurance companies, and these cash flows are invested in financial assets that are also defined as operational activities. One subtotal is generated in the statement that shows the net cash flow from operations before financial assets and banking customers, and one subtotal that shows the cash flows from financial assets and banking customers. This shows that the composition of net cash flows from operational activities for a financial group includes cash flows from both operations and investments in financial assets. The life insurance companies' balance sheets include substantial items linked to the insurance customers that are included on the individual lines in the cash flow analysis. Since the cash flow analysis is intended to show the change in cash flow for the company, the change in bank deposits for insurance customers is included on its own line in operating activities to neutralise the cash flows associated with the customer portfolio in life insurance.

Investment activities
Includes cash flows for holdings in group companies and tangible fixed assets.

Financing activities
Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the Group's activities. Payments of interest on borrowing and payments of share dividends to shareholders are financial activities.

Cash/cash equivalents
Cash/cash equivalents are defined as claims on central banks and claims on financial institutions without notice periods for the company portfolio. The amount does not include claims on financial institutions linked to the insurance customers portfolio, since these are liquid assets that not available for use by the Group.

Notes to the interim accounts Storebrand Group

NOTE 1: ACCOUNTING POLICIES

The Group's interim financial statements include Storebrand ASA, subsidiaries and associated companies. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

The Group has not made any significant changes to the accounting policies applied in 2012. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2011 annual report.

Storebrand Livsforsikring AS, Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, Storebrand Bank ASA and Storebrand Forsikring AS are significant subsidiaries owned by Storebrand ASA. Storebrand Livsforsikring AS also owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Livförsäkring AB. On acquiring the Swedish activities in 2007, the authorities instructed Storebrand to make an application to maintain a group structure by the end of 2009 Storebrand has submitted an application to maintain the current group structure, and it is of the opinion that it is natural to see possible changes in the group structure in light of the upcoming solvency framework (Solvency II)

NOTE 2: ESTIMATES

In preparing the interim accounts, Storebrand has made assumptions and used estimates that affect reported amounts of assets, liabilities, revenues, costs and information in the notes to the financial statements, as well as the information provided on contingent liabilities. A certain degree of uncertainty is associated with estimates and assumptions and actual figures may deviate from the estimates used.

The Financial Supervisory Authority is consulting with the Norwegian financial sector on new life expectancy tables. There is a general need for reserves to boost provisions for longer life expectancy within collective pensions. The final process, level of life expectancy tariffs and reserve requirement will depend on Banklovkommisjonens (the commission on banking law) decision on the format of a new occupational pension scheme for the private sector. Based on the current product rules for collective pensions, the reserve will comprise 3-7 % of the premium reserve. The new structure for occupational pensions can have a positive effect on the reserve requirement and time horizon. The reserve is expected to be mainly covered through financial and risk profits.

Storebrand set aside NOK 1.1 billion in 2010 and 2011 for future reserves for long life expectancy. Customers must also expect that Storebrand Livsforsikring will once again set aside a considerable amount of returns in addition to the interest rate guarantee in 2012 to cover projected longer life expectancy.

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, but using different principles in the Norwegian and the Swedish activities. An immaterial asset (value of business in-force – VIF) linked to the insurance contracts in the Swedish activities is also included. There are several elements that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to trends in life expectancy and invalidity, and legal aspects such as amendments to legislation and judgments handed down in court cases etc. In addition, the insurance liabilities in the Swedish activities are affected by changes in the market rate. In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, can have an impact on the amount recorded that is linked to the insurance contracts. Please refer to note 6 Insurance risk in the 2011 annual report.

Please also refer to the discussions in notes 3 and 11 of the 2011 annual report.

NOTE 3: TAX

The National Budget 2013, which was published on 8 October 2012, calls for elimination of the tax exemption method for customer portfolios in life insurance companies with effect from 1 January 2012. It is pointed out that all of the circumstances related to the proposed rule amendments have not been clarified, and the proposal will not be formally adopted by the Storting until December 2012 when the National Budget for 2013 is debated.

The proposed amendments entail that dividends and capital gains on equities etc. that are in group or investment option portfolios, which were encompassed by the exemption method earlier, will be taxed now as ordinary income, while losses on the realisation of such shares will be deductible (as was also proposed on 31 December 2011). This will entail less of a difference between the accounting and taxable results in the future, and the life insurance companies will still receive a tax allowance, as before, for allocations to insurance reserves. The exemption method for equities, as it was formulated earlier, including the deductibility of allocations to insurance reserves, implied that life insurance companies could achieve a profit for tax purposes in the case of a decline in the value of equities and a loss for tax purposes in the case of an increase in the value of equities that fall under the exemption method.

Notes to the interim accounts Storebrand Group

The proposed amendments to the Norwegian Tax Code have not been incorporated into the accounts as at the 3rd quarter of 2012, since this is considered an event after the balance sheet date that is not to be taken into account. The income tax expense as at the 3rd quarter has been estimated based on an expected effective tax rate for 2012 and the existing rules. Some uncertainty is related to the estimates, and this particularly applies to the size of income/costs related to the exemption method for equities. Based on the existing rules, there still may be significant changes in tax positions as a result of a fall or rise in the equity market and significant currency fluctuations.

Provided the Storting adopts the proposed amendments with effect from 1 January 2012, this will have a transitional effect with deferred tax liabilities/assets for unrealised capital gains or losses on equities etc. that were encompassed by the exemption method as at 31 December 2011. Provided the Storting adopts the proposed amendments with effect from 1 January 2012, this will have a transitional effect with deferred tax liabilities/assets for unrealised capital gains or losses on equities etc. that were encompassed by the exemption method as at 31 December 2011. At the end of Q3 2012, permanent differences linked to realised and unrealised gains from directly owned shares within the tax exemption method amounted to around NOK 0.7 billion. Therefore, the tax cost associated with reclassification from permanent differences is expected to amount to around NOK 0.2 billion.

NOTE 4: INFORMATION ABOUT CLOSE ASSOCIATES

Storebrand conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and close parties are stipulated in notes 24 and 55 in the 2011 annual report.

Storebrand had not carried out any material transactions with close associates at the close of 3Q.

NOTE 5: SHARES FOR EMPLOYEES

In March, Storebrand's employees received an offer to purchase Storebrand ASA shares at a discount. The purchase price was based on the weighted market price in the period 21 – 23 March. The discount granted to the employees was 20 per cent of this price. Senior employees, when bonuses were paid in March, purchased shares in Storebrand ASA in accordance with the declaration on senior employees' remuneration that is reported in note 24 of the Groups 2011 annual report. In 2012, 380,172 shares were sold from the company's holding of own shares (treasury shares).

The share purchase scheme for own employees shall be accounted for using fair values. The sale of shares to employees increased the share capital by NOK 11 million.

NOTE 6: FINANCIAL RISK

Financial risk is described in the 2011 annual report in notes 3 (Critical accounting estimates and judgements), 7 (Financial market risk), 8 (Liquidity risk) and 9 (Credit risk).

Overall the financial markets have showed a positive performance for Storebrand's financial investments throughout the third quarter and year to date. This has resulted in good returns for customers and positive financial results. It has also led to increased risk buffers, which, in combination with the reduced equity exposure, have resulted in lower financial risk throughout the year.

The global macroeconomic situation, including the emerging economies, has continued to weaken throughout the third quarter. The financial markets stabilised nevertheless, with rising equity markets, falling credit premiums and falling government interest rates in crisis-ridden Eurozone countries such as Spain and Italy. Central bank stimulus measures, particularly the European (ECB) and US (Fed) central banks, contributed to a greater willingness to accept risk. The ECB announced unlimited government bond buying in distressed countries in return for the authorities seeking emergency relief from the European rescue fund, thus subjecting themselves to structural reforms and austerity measures. The Fed also announced unlimited bond buying until it sees a substantial improvement in the US economy and a decline in unemployment.

Direct exposure to selected countries		
NOK mill.	30.09.12	31.12.11
Greece	7	13
Italy	716	4,208
Portugal	729	863
Ireland	1,752	2,392
Spain	2,404	4,657
Total [1]	**5,609**	**12,133**

[1] *The reduction in exposure at the end of Q3 was due to both realisation and maturity.*

Notes to the interim accounts Storebrand Group

Long-term Norwegian and Swedish interest rates fell throughout the third quarter and are generally lower now than at the start of the year. US and German interest rates have also fallen significantly to date this year. After a significant interest rate fall early in June, the Swedish Financial Supervisory Authority introduced a temporary opportunity until 15 June 2013 to use the market interest rate from 31 May 2012 as the benchmark for the market assessment of insurance liabilities for solvency purposes. The insurance liabilities in the Swedish operations are calculated by means of an average of the government and home mortgage interest rates, where the illiquid portion of the yield curve is estimated. This solvency interest rate fell approximately to the level from 31 May during the third quarter.

The equity markets have displayed a positive performance in the 3rd quarter and to date this year. For the Group overall the equity percentage has been reduced further throughout the 3rd quarter and is significantly lower than at the end of 2011. Combined with a favourable development for fixed income securities with credit risk, the performance of the equity market and lower interest rates have provided very good returns for the customer portfolios. This has also resulted in recovery of the so-called deferred capital contribution in the Swedish operations and significant profit sharing, which is included in Storebrand's financial result. Low interest rates in isolation, however, have a negative impact on risk and the results of the operations. Both in Norway and Sweden, major portions of insurance liabilities are subject to a nominal interest rate guarantee. Lower interest rates increase the probability of charges against equity to redeem the customers' interest rate guarantees. In the Swedish life insurance operations, the future estimated insurance claim payments are assessed at market value (see note 1 to the annual accounts for 2011), which implies that falling interest rates result immediately in an increase in the value of the insurance liabilities. Falling interests rates also result in an increase in the value of fixed income securities in the customer portfolios, which counteracts to a great extent the impact on the value of the liabilities in the financial accounts.

For solvency purposes the value of the insurance liabilities is assessed in a manner that entails greater interest rate sensitivity than in the financial accounts, and this greater interest rate sensitivity is not counteracted by assets. Falling interest rates have in isolation resulted in a higher interest rate risk and weakened solvency in Sweden throughout the 3rd quarter. The solvency capital has, however, not changed significantly throughout the quarter due to other positive result elements. The solvency capital in the Swedish operations has increased since the end of 2011 – primarily as a result of changes in the corporate structure and prerequisites for calculating the liabilities. In Norwegian life and pensions, the estimated claim payments for products with an interest rate guarantee are discounted by a statutory interest rate. The insurance liabilities in the financial accounts and the solvency capital requirements are thus not affected by market interest rate fluctuations. For the life insurance group, fluctuations in the Swedish market interest rates will affect the liabilities for solvency purposes by the proportion represented by the Swedish business.

Solvency II entails the calculation of capital requirements for all major risks the business is exposed to, from investments and as a result of insurance liabilities incurred. This could mean a total capital requirement higher than the current minimum requirements under Solvency I. The calculation of the solvency capital will be changed at the same time. Under Solvency II, assets and insurance liabilities will be valued at fair value and vary according to fluctuations in the interest rate level for the Norwegian business (for solvency purposes). As a general principle, the solvency capital will consist of the difference between the value of assets and liabilities. The new calculation method may entail an increased interest rate risk in the solvency capital. Given the current investment portfolio, a fall in interest rates will result in a fall in the solvency margin under Solvency II. The implementation of Solvency II is planned from 1 January 2014. As a result of significant delays in relation to the schedule, it appears to be likely that the transition will be postponed in full or in part to 2015 or 2016.

The Banking Law Commission published 28th of June a proposal for a new Act on Occupational Pensions to replace the current defined-benefit occupational pensions in the private sector. The proposed new scheme provides lower risk for pension providers from market risk and a higher life expectancy. The presented proposal encompasses only new premiums and is to take effect from 1 January 2014 according to plan. The Banking Law Commission is currently working on transitional schemes for the existing portfolio, and a proposal for transitional solutions shall be ready by the end of 2012 according to plan.

Credit risk in Storebrand Bank was gradually reduced throughout 2011. This positive development has continued in 2012. The non-performing lending volume, both with and without impairment, appears to have stabilised at a low level and is practically unchanged in the 3rd quarter of 2012 compared with the previous year.

The introduction of the new capital adequacy regulations (Capital Requirements Directive IV, also referred to as Basel III) will impact Storebrand Bank through higher capital requirements, increased requirements for the quality of capital and new quantitative liquidity requirements. The regulations have not yet been adopted by the European Parliament, but they are to take effect already on 1 January 2013, with a gradual introduction of the requirements by 2018. The bank is working systematically to adapt to the new requirements. The bank has developed internal classification models (IRB models) for credit risk in the retail market, and in June 2012 it submitted an application to the Financial Supervisory Authority of Norway for a permit to use these models for the calculation of capital requirements. It is assumed that approval will reduce the regulatory capital requirements to a significant extent. The bank has also started to report the new quantitative liquidity indicators (LCR, Liquidity Coverage Ratio and NSFR, Net Stable Funding Ratio) to the Financial Supervisory Authority of Norway on a quarterly basis. If the regulations are adopted in their present form, this will require a significant increase in liquid assets and thus a significant increase in the bank's funding costs

Notes to the interim accounts Storebrand Group

NOTE 7: SOLVENCY II

Please refer to note 5 in the 2011 annual report for a discussion on Solvency II. Internationally the next milestone in the Solvency II process is to adopt amendments to the Solvency II directive. Important items under discussion are transitional provisions and the method to determine the risk-free interest rate curve.

NOTE 8: SEGMENTS - RESULT BY BUSINESS AREA

Storebrand's activities are operationally divided into five business areas: Storebrand Livsforsikring, SPP, asset management, bank and P&C insurance.

Storebrand Life Insurance
Includes the companies in the Storebrand Life Insurance Group, except Storebrand Eiendom AS, Storebrand Realinvesteringer AS and Storebrand Holding AB, and personal risk and employee cover in Storebrand Livsforsikring AS. Storebrand Life Insurance offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Storebrand Life Insurance's branch in Sweden provides occupational pensions products based on Norwegian law in the Swedish market. BenCo is also included and offers pension products to multinational companies via Nordben and Euroben.

SPP
Consists of the companies in the SPP Group (Storebrand Holding Group excluding SPP Fonder AB). SPP offers a wide range of pension solutions to companies, organisations and private individuals in Sweden. SPP holds a particularly strong position in traditional products - policies with guaranteed interest rates - in the Swedish corporate market.

Asset management
Storebrand's asset management activities include the companies Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, Storebrand Eiendom AS, and Storebrand Realinvesteringer AS and SPP Fonder AB. All the management activities have a guaranteed socially responsible profile. Storebrand offers a wide range of mutual funds to retail customers and institutions under the Delphi and Storebrand Fondene brand names. Storebrand Eiendom is one of Norway's largest real estate companies and manages real estate portfolios both in Norway and abroad.

Bank
Storebrand Bank offers traditional banking services such as accounts and loans in the retail market and project financing to selected corporate customers.

Insurance
The insurance segment comprises the companies Storebrand Forsikring AS, Storebrand Helseforsikring AS (50 per cent stake) and P&C insurance in Storebrand Livsforsikring AS. Storebrand Insurance AS offers standard insurance products in the Norwegian retail market, and some corporate insurance in the SMB market. Storebrand Health Insurance AS offers treatment insurance in the Norwegian and Swedish corporate and retail markets. It also includes personal risk insurance in the Norwegian retail market and employee insurance in the corporate market in Norway, which is included in Storebrand Livsforsikring AS.

Other
Other activities consist of activities in the Group that are not included in the five listed business areas above. Consists of the holding company Storebrand ASA, which invests in and manages subsidiaries. It also includes eliminations from intragroup transactions, which are included in the other segments.

	3Q		01.01 - 30.09		Full year
NOK mill.	2012	2011	2012	2011	2011
Storebrand Life Insurance	140	18	519	342	481
SPP	247	-221	646	304	291
Asset management	-27	73	44	203	293
Storebrand Bank	60	50	173	162	213
Insurance	93	95	286	204	281
Other activities	-55	-65	-197	-204	-278
Group result	**458**	**-49**	**1,471**	**1,011**	**1,279**
Write-down and amortisation of intangible assets	-108	-97	-300	-296	-394
Group pre-tax profit	**350**	**-146**	**1,171**	**715**	**885**

Notes to the interim accounts Storebrand Group

Segment information as of 3Q

NOK million	Storebrand Life Insurance 1) 2012	2011	SPP1) 2012	2011	Asset management 2012	2011	Banking 2012	2011
Revenue from external customers	9 733	1 111	4 949	407	276	244	156	129
Revenue from other group companies 2)		6			- 107	30	1	1
Group result before amortisation and write-downs of intangible assets	140	18	247	- 221	- 27	73	60	50
Amortisation and write-downs			- 91	- 88	- 2	- 2	- 14	- 6
Group pre-tax profit	**140**	**18**	**157**	**- 309**	**- 28**	**71**	**46**	**43**

NOK million	Insurance 2012	2011	Other 2012	2011	Eliminations 2012	2011	Storebrand Group 2012	2011
Revenue from external customers	506	353	35	18	- 232	- 330	15 424	1 932
Revenue from other group companies 2)			5		102	- 37		
Group result before amortisation and write-downs of intangible assets	93	95	- 58	- 65	2	- 1	458	- 49
Amortisation and write-downs	- 1	- 1					- 108	- 97
Group pre-tax profit	**92**	**95**	**- 58**	**- 65**	**2**	**- 1**	**350**	**- 146**

Segment information as of 01.01 - 30.09

NOK million	Storebrand Life Insurance 1) 2012	2011	SPP1) 2012	2011	Asset management 2012	2011	Banking 2012	2011
Revenue from external customers	25,362	16,703	11,607	6,444	531	531	456	408
Revenue from other group companies 2)		23			-9	131	3	3
Group result before amortisation and write-downs of intangible assets	519	342	646	304	44	203	173	162
Amortisation and write-downs			-267	-269	-4	-7	-24	-15
Group pre-tax profit	**519**	**342**	**378**	**35**	**40**	**196**	**148**	**148**
Assets	236,274	224,084	137,464	128,147	671	734	41,033	38,767
Liabilities	226,614	212,039	130,128	123,943	481	438	38,660	36,473

NOK million	Insurance 2012	2011	Other 2012	2011	Eliminations 2012	2011	Storebrand Group 2012	2011
Revenue from external customers	1,813	1,560	80	46	-350	-226	39,497	25,466
Revenue from other group companies 2)			478	1,158	-471	-1,314		
Group result before amortisation and write-downs of intangible assets	286	204	275	955	-473	-1,158	1,471	1,011
Amortisation and write-downs	-4	-5					-300	-296
Group pre-tax profit	**282**	**198**	**275**	**955**	**-473**	**-1,158**	**1,171**	**715**
Assets	3,911	3,283	20,006	19,853	-17,545	-13,427	421,813	401,442
Liabilities	3,376	2,962	3,679	3,805	-832	3,004	402,107	382,665

1) Income from external customers includes the total premium income including savings premiums and transferred premium fund from other companies, net financial return and other income.

2) Income from other group companies: Storebrand Kapitalforvaltning AS manages financial assets for other group companies. Asset management fees are made up of fixed management fees and performance-related fees. Performance-based fees apply to the portfolios qualifying for such fees at any given time, and are recognised as income when they are assured. Storebrand Livsforsikring AS earns revenue from other group companies for product sales and management. These services are priced on commercial terms.

Notes to the interim accounts Storebrand Group

NOTE 9: KEY FIGURES BY BUSINESS AREA - CUMULATIVE FIGURES

NOK million	3Q 2012	2Q 2012	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2010	4Q 2010
Group								
Earnings per ordinary share	2.10	1.47	1.17	1.51	1.47	1.87	0.87	3.30
Equity	19,706	19,335	19,202	18,777	18,555	18,736	18,832	18,417
Capital adequacy [1)]	11.5%	11.9%	14.3%	13.9%	14.0%	13.2%	12.8%	13.1%
Storebrand Life Insurance								
Premium income after reinsurance	12,150	8,542	5,526	15,288	12,368	8,811	5,694	15,174
Net inflow of premium reserves	219	-1,077	-1,013	-4,690	-4,049	-3,286	-2,390	1,857
Policyholders' fund incl. accrued profit	218,312	212,363	211,864	206,339	201,092	204,154	203,558	201,265
- of which products with guaranteed return	174,987	172,192	171,300	170,012	169,099	168,807	167,805	166,509
Market return customer funds with guarantee	4.5%	2.6%	2.1%	3.4%	1.7%	2.7%	1.5%	6.1%
Booked investment yield customer funds with guarantee	3.1%	1.8%	0.9%	4.6%	3.0%	2.6%	1.3%	4.9%
Investment yield company portfolio	4.0%	2.4%	1.5%	5.1%	3.8%	3.0%	1.4%	5.8%
Solvency capital (Storebrand Life Insurance Group) [2)]	48,938	43,210	43,687	40,109	40,326	44,543	43,375	42,710
Capital adequacy (Storebrand Life Insurance Group) [1)]	11.9%	11.7%	14.2%	13.8%	14.6%	13.6%	13.3%	13.6%
Solvency margin (Storebrand Life Insurance Group) [1)]	153%	152%	163%	161%	165%	162%	161%	164%
SPP								
Premium income after reinsurance	4,812	3,442	1,578	6,049	4,714	3,411	1,507	6,418
Net inflow of premium reserves	-923	-592	-320	-802	-634	-377	-176	-829
Policyholders' fund incl. accrued profit (excl. conditional bonus)	109,510	105,830	105,028	105,857	101,528	99,881	101,124	100,987
- of which products with guaranteed return	73,708	71,799	71,160	73,880	71,911	67,668	68,780	68,870
Return Defined Benefit	4.7%	1.5%	0.6%	8.6%	6.0%	3.4%	0.8%	6.0%
Return Defined Contribution	5.1%	2.0%	0.8%	8.0%	5.6%	3.3%	0.5%	5.1%
Conditional bonus	8,593	7,966	8,393	7,417	6,788	9,059	9,159	8,504
Deferred capital contribution	2,832	2,755	2,642	2,905	2,671	2,105	2,139	2,233
Solvency margin (SPP Life Insurance AB) [3)]	216%	225%	226%	169%	166%	224%	256%	263%
Asset management								
Total funds under management	438,878	423,872	425,816	413,950	405,215	409,477	408,376	406,922
Funds under management for external clients	80,103	75,340	77,463	73,665	70,260	71,224	72,834	71,657
Costs/AuM bp [4)]	13.5	12.2	12.0	12.0	12.2	12.1	11.9	11.6
Banking								
Net interest income as a percentage of average total assets	1.22%	1.22%	1.18%	1.13%	1.16%	1.17%	1.21%	1.10%
Costs/income % (banking) [5)]	66%	65%	65%	66%	66%	63%	64%	68%
Deposits from and due customers as % of gross lending	57%	59%	54%	55%	56%	58%	54%	55%
Gross defaulted and loss-exposed loans as % of gross lending	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%	1.2%	2.0%
Gross lending	34,687	34,100	33,642	33,475	32,869	33,185	34,229	34,460
Core (tier 1) capital ratio	10.7%	11.3%	11.6%	11.4%	10.9%	10.8%	10.3%	10.6%
Insurance								
Claims ratio	66%	66%	66%	73%	73%	75%	79%	77%
Cost ratio	20%	18%	19%	19%	19%	19%	19%	21%
Combined ratio	85%	84%	85%	91%	92%	94%	98%	98%

[1)] In previous quarters, Storebrand has included accounting equity for the Swedish activity as a basis for calculating solvency and capital adequacy. As of the second quarter of 2012, Storebrand has changed the method by including solvency capital, which is calculated pursuant to Swedish capital adequacy rules, in the calculation of the consolidated solvency margin and consolidated capital adequacy. The Swedish subsidiary SPP AB has previously used a 10-year interest rate curve (government interest rate and housing interest rate) for the discounting of insurance obligations. SPP has used a 30-year yield curve as a basis from the second quarter of 2012.
In connection with Storebrand Life Insurance's 2007 acquisition of SPP, the Financial Supervisory Authority of Norway placed a condition on its approval by giving a time limited approval to include parts of the conditional bonus as primary capital. This approval ends on 1.4.2012.
The key figures for capital adequacy and solvency for previous periods have not been restated. They are shown in the tables above such as they were originally calculated.
[2)] Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation fund, unrealised gains, bonds at amortised cost, additional statutory reserves, conditional bonus and accrued profit.
[3)] Consists of the company SPP Livförsäkring AB due to changes in the company structure of SPP Livförsäkring Group. Previous quarters are accordingly revised.
[4)] Costs and AuM are 12 month rolling figures. Previous quarters are revised. AuM = Assets under Management (total assets under management), bp = basis points.
[5)] Consists of the companies Storebrand Bank ASA and Storebrand Boligkreditt AS

Notes to the interim accounts Storebrand Group

NOTE 10: PROFIT AND LOSS BY QUARTER

NOK million	3Q 2012	2Q 2012	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2010	4Q 2010
Total income	15,424	7,201	16,873	12,759	1,932	10,598	12,935	11,491
Total costs	-14,966	-6,855	-16,206	-12,491	-1,981	-10,054	-12,419	-10,822
Group pre-tax profit	350	249	571	170	-146	445	416	568
Profit for the period before other comprehensive income	282	137	524	18	-175	447	392	960
Profit by business area								
Storebrand Life Insurance	140	183	197	139	18	167	156	273
SPP	247	43	355	-14	-221	260	265	202
Asset management	-27	40	31	90	73	53	77	168
Banking	60	57	56	51	50	61	51	40
Insurance	93	104	89	77	95	75	33	50
Other acitvities	-55	-81	-61	-75	-65	-73	-66	-62
Profit before amortisation and write-downs	**458**	**346**	**667**	**268**	**-49**	**544**	**516**	**669**
Amortisation and write-downs of intangible assets	-108	-96	-95	-99	-97	-99	-100	-101
Group pre-tax profit	**350**	**249**	**571**	**170**	**-146**	**445**	**416**	**568**

NOTE 11: NET INTEREST INCOME - BANKING

	3Q		1.1 - 30.09		Year
NOK million	2012	2011	2012	2011	2011
Total interest income	382	363	1,167	1,141	1,537
Total interest expenses	-260	-251	-810	-802	-1,094
Net interest income	**122**	**113**	**357**	**339**	**443**

NOTE 12: NET INCOME ANALYSED BY CLASS OF FINANCIAL INSTRUMENTS

				3Q		1.1 - 30.09		Year
NOK million	Dividend/ interest income	Net gain/ losses on disposals	Net unrealised gains/ losses	2012	2011	2012	2011	2011
Net income from equities and units	917	-845	1,915	1,986	-9,157	5,375	-11,007	-5,972
Net income from bonds, bond funds and other fixed-income securities	1,218	559	1,107	2,885	3,546	7,337	6,515	8,393
Net income from financial derivatives, FVO	32	1,372	357	1,761	256	479	3,785	2,890
Net income and gains from financial instruments at fair value	**2,167**	**1,086**	**3,379**	**6,632**	**-5,355**	**13,191**	**-708**	**5,310**
Net income from bonds at amortised cost	**917**	**-123**		**794**	**1,017**	**2,272**	**2,115**	**2,901**

Notes to the interim accounts Storebrand Group

NOTE 13: OPERATING COSTS

	3Q		1.1 - 30.09		Year
NOK million	2012	2011	2012	2011	2011
Personnel costs	-737	-475	-1,813	-1,472	-1,964
Amortisation	-25	-27	-88	-72	-108
Other operating costs	-417	-339	-1,140	-1,002	-1,320
Total operating costs	**-1,178**	**-842**	**-3,041**	**-2,547**	**-3,392**

Storebrand has decided to launch a significant cost reduction programme. Around NOK 190 million has been set aside in the accounts of the Storebrand Group in the 3rd quarter of 2012 to cover the restructuring costs. These costs are related to a workforce reduction and include both early retirement pensions and voluntary retirement costs. These provisions have been assessed in accordance with IAS 37, and the restructuring plan has been announced to all the affected parties.

NOTE 14: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The Storebrand Group carries out a comprehensive process to ensure that the values established for financial instruments are as in line with the market as possible. Listed financial instruments are valued on the basis of official closing prices on stock exchanges obtained via Reuters and Bloomberg. Fund units are generally stated at the updated official NAV prices where these exist. As a rule, bonds are valued based on prices from Reuters and Bloomberg. Bonds that are not quoted regularly will normally be valued based on recognised theoretical models. The latter is particularly true for bonds denominated in NOK. Such valuations are based on discount rates consisting of swap interest rates plus a credit premium. The credit premium will often be issuer specific and normally based on a consensus of credit spreads quoted by a selected brokerage house.

Unlisted derivatives, including primarily interest rate and currency instruments, are also valued theoretically. The money market rates, swap rates, exchange rates, and volatilities that provide the basis for valuations are obtained from Reuters, and Bloomberg.

The company continuously performs checks to ensure the quality of the market data obtained from external sources. Generally, such checks involve comparing multiple sources, checking, and assessing the reasonableness of abnormal changes.

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail in the annual report of 2011. The levels express the differing degree of liquidity, price uncertainty and different measuring methods.

Notes to the interim accounts Storebrand Group

NOK mill.	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	30.09.12	31.12.11
Assets:					
Equities and units					
- Equities	11,040	488	3,009	14,537	26,261
- Fund units		51,841	1,857	53,698	49,263
- Private equity fund investments		405	5,928	6,333	6,839
- Hedge fund		1,026	25	1,052	919
- Indirect real estate fund		15	1,400	1,415	1,976
Total equities and units	**11,040**	**53,775**	**12,219**	**77,035**	
Total equities and units 2011	22,647	50,054	12,557		85,258
Lending to customers		**1,022**		**1,022**	
Lending to customers 2011		788			788
Bonds and other fixed-income securities					
- State and state guaranteed bonds	28,155	20,992		49,146	47,051
- Financial and corporate bonds		24,763	1,256	26,018	21,333
- Asset backed securities	101	42,256		42,357	34,562
- Supranational organisations		3,823		3,823	2,212
- Bond funds		52,876		52,876	42,935
Total bonds and other fixed-income securities	**28,255**	**144,710**	**1,256**	**174,221**	
Total bonds and other fixed-income securities 2011	23,372	122,717	2,002		148,092
Derivatives:					
- Interest rate derivatives		2,527		2,527	4,668
- Currency derivatives		841		840	-949
- Credit derivatives					2
Total derivatives		**3,367**		**3,367**	**3,721**
- of which derivatives with a positive market value		4,988		4,988	6,440
- of which derivatives with a negative market value		-1,620		-1,620	-2,720
Total derivatives 2011		3,721			3,721
Liabilities:					
Liabilities to financial institutions		1,979		1,979	3,497
Liabilities 2011		3,497			3,497

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	148	28

Level 1 encompasses listed equities that over the previous six months have experienced a daily average turnover equivalent to approx. MNOK 20 or more. Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period. On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Notes to the interim accounts Storebrand Group

Specification of papers pursuant to valuation techniques (non-observable assumptions)

NOK million	Equities	Fund units	Private equity fund	Hedge fund	Indirect real estate fund	Financial and corporate bonds	Asset backed securities
Book value 01.01	**3,112**	**2,224**	**5,226**	**27**	**1,969**	**1,213**	**790**
Net gains/losses on financial instruments	-186	26	284	-1	-232	116	547
Supply/disposal	46	142	451		51	409	10
Sales/due settlements	14	-539	-34		-388	-486	-1,346
Transferred to quoted prices from observable assumptions	20					2	
Translation differences	4	3	1			1	
Book value 30.9.12	**3,009**	**1,857**	**5,928**	**25**	**1,400**	**1,256**	

NOTE 15: LIQUIDITY RISK

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	118
Storebrand Bank ASA	168	NOK	Variable	2014	169
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,501
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,312
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,702
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,077
Dated subordinated loan capital					
Storebrand Bank ASA	250	NOK	Variable	2012	150
Storebrand Bank ASA	150	NOK	Variable	2012	151
Total subordinated loans and hybrid tier 1 capital 30.09.12					**7,179**
Total subordinated loans and hybrid tier 1 capital 31.12.11					7,496

Specification of liabilities to financial institutions

	Book value	
NOK million	30.09.12	31.12.11
Call date		
2012	318	1,769
2013	1,741	3,258
2014	987	988
Total liabilities to financial institutions	**3,047**	**6,016**

Notes to the interim accounts Storebrand Group

Specification of securities issued

	Book value	
NOK million	30.09.12	31.12.11
Call date		
2012		2,083
2013	1,366	2,031
2014	3,387	3,583
2015	3,253	1,466
2016	3,369	3,369
2017	4,122	
2018	500	
2019	1,750	1,095
Total securities issued	**17,746**	**13,626**

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevants covenants in 2012. Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement was 109.5 per cent fulfilled. As per 30 September 2012, Storebrand Bank ASA had only one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010. The credit facility agreement for NOK 750 million contains certain special covenants. In 2012, Storebrand Bank ASA fulfilled all the terms and conditions of the agreement.

NOTE 16: LEANDING

NOK million	30.09.12	31.12.11
Corporate market	15,052	14,201
Retail market	23,261	22,289
Gross lending	**38,313**	**36,490**
Write-down of lending losses	-148	-157
Net lending	**38,165**	**36,333**

Non-performing and loss-exposed loans

NOK million	30.09.12	31.12.11
Non-performing and loss-exposed loans without identified impairment	181	159
Non-performing and loss-exposed loans with identified impairment	159	171
Gross non-performing loans	**339**	**330**
Individual write-downs	-102	-103
Net non-performing loans	**237**	**227**

Notes to the interim accounts Storebrand Group

NOTE 17: REAL ESTATE

The following amounts are booked in the profit and loss account:

	3Q		1.1 - 30.09		Year
NOK million	2012	2011	2012	2011	2011
Rent income from real estate [1]	462	472	1,473	1,318	1,815
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period [2]	-77	-49	-269	-230	-408
Result minority defined as liabilitites	-39	-37	-97	-69	-71
Total	**346**	**386**	**1,107**	**1,019**	**1,336**
Realised gains/losses	4	10	5	11	82
Change in fair value	-33	-60	-533	350	245
Total income real estate	**318**	**335**	**579**	**1,381**	**1,663**
Distribution by company and customers:					
Company	15	13	24	52	82
Customer	302	322	555	1,328	1,581
Total income from real estate	**318**	**335**	**579**	**1,381**	**1,663**
1) Of which real estate for own use	19	39	56	76	73
2) Of which eral estate for own use	-1	-10	-3	-13	-6

Change in value real estate investments

	3Q		1.1 - 30.09		Year
NOK million	2012	2011	2012	2011	2011
Wholly owned real estate investments - investment real estate	-33	37	-533	358	249
Reclassifications etc. for wholly owned real estate investments		-95			
Real estate equities and units in Norway [1]	-11	7	-59	25	73
Real estate units abroad [1]	-37	85	-46	208	131
Real estate units in associated companies	25		18		
Total changes in value investment real estate	**-55**	**33**	**-620**	**592**	**453**
Real estate for own use	16	-6	31	-14	27
Total changes in value in real estate	**-39**	**27**	**-589**	**578**	**480**
Realised gains/losses sold real estate	**4**	**-27**	**5**	**-25**	**82**

[1] Are in the statement of financial position classified as equities and other units

Book value of investment properties [1]

NOK million	30.09.12	31.12.11
Book value 01.01	28,796	27,141
Supply due to purchases	225	2,078
Supply due to additions	452	582
To owner used real estate	-443	
Disposals	-12	-1,272
Net write-ups/write-downs	-533	261
Taken over real estate [2]		
Exchange rate changes	-4	5
Book value	**28,482**	**28,796**

[1] Consists of investment real estate in Storebrand Life Insurance Group and taken over real estate in Storebrand Bank Group

[2] Storebrand Bank Group has taken over real estate in connection with defaulted loans.

The real estate are valued individually on the basis of the estimated income and costs associated with the completion/sale of the projects.

Notes to the interim accounts Storebrand Group

Property type

NOK mill.	30.09.12	31.12.11	30.09.12 Duration of lease (years)	m2[2]	Leased amount in % [1]
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	6,214	6,044	7	141	95
Rest of Greater Oslo	8,167	7,746	5	243	92
Rest of Norway	2,663	2,719	11	198	98
Shopping centres (including parking and storage)	9,991	10,321	3	547	100
Multi-storey car parks	667	654	4	27	100
Office buildings in Sweden	359	853	8	24	100
Cultural/conference centres in Sweden	372	399	20	19	100
Other real estate	50	49			
Taken over real estate		12			
Total investment real estate	**28,482**	**28,796**		**1,199**	
Real estate for own use [3]	2,140	1,460	7	71	94
Total real estate	**30,621**	**30,256**		**1,269**	

[1] The leased amount is calculated in relation to floor space.
[2] Figures in NOK thousand
[3] SPP's share of 762 million has not yet been completed. The lease duration and occupancy rate does, therefore, not include SPP's share.

Geographical location:

NOK million	30.09.12	31.12.11
Oslo - Vika/Fillipstad Brygge	6,881	6,698
Rest of Greater Oslo	10,650	9,664
Rest of Norway	11,548	12,594
Sweden	1,493	1,252
Other	50	49
Total real estate	**30,621**	**30,256**

An additional SEK 537 million in real estate purchases in SPP has been agreed on in the 3rd quarter of 2012, but no further acquisitions in Storebrand beyond what has been finalised and included in the accounts as of 30 September 2012.

NOK 238 million has been committed, but not drawn in Storebrand, and SEK 93 million in SPP, in international real estate funds.

Calculation of fair value for real estate
Investment real estate are valued at fair value. Fair value is the amount an asset could be sold for in a transaction at arm's length between well informed, voluntary parties. The investment properties primarily consist of office buildings and shopping centres.

Cash flow
An internal cash flow model is used to calculate fair value. The individual real estate' net cash flows are discounted by an individual required rate of return. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rents and normal operating costs for the real estate. The net income stream takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future changes in market rents. Storebrand's average occupancy rate in its office portfolio is 95-98 per cent. Most contracts are for 5 or 10 years. The cash flows from these tenancy agreements (contractual rent) are included in the valuations. A forecast model has been developed to estimate long-term, future non-contractual rent. The model takes into consideration historical observations from Dagens Næringsliv's property index (adjusted by CPI) as well as market estimates. A long-term, time-weighted average is calculated for the annual observations in which the oldest observations are afforded the least weight. Short-term, non-contractual rent forecasts are based on current market rents and conditions.

Required rate of return

An individual required rate of return is set for each real estate. The required rate of return should be viewed in relation to the cash flow. Cash flows are determined on the basis of data about the market's required rate of return, including transactions and valuations.

Composition of the required rate of return:
Risk free interest rate
Risk markup, adjusted for:
- Type of real estate
- Location
- Structual standard
- Environmental standard
- Contract duration
- Quality of tenant
- All other information about real estate values, the market and the individual real estate

In the case of shopping centres, the real estate's value is calculated based on a market yield. In cases where it is known significant changes will occur to the expected cash flow in later years, this is taken account of in the valuation.

External valuations:

To ensure that every real estate will be taxated as a minimum every third year, there is a methodic approach in order to choose a selection of real estate to taxate every quarter. As of 30 September 2012, valuations had been obtained for approximately 40 per cent of Storebrand's real estate portfolio in Norway.

The real estate are valued on the basis of the following effective required rate of return (incl. 2.5 per cent inflation):

	Required rate of return		Fair value (NOK million)	
Segment	30.09.12	31.12.11	30.09.12	31.12.11
Office buildings (including parking and storage):				
Oslo-Vika/Filipstad Brygge	7,35 - 8,95	7,20 - 8,70	6,881	6,698
Rest of Greater Oslo	7,35 - 9,95	7,70 - 9,79	9,545	9,206
Rest of Norway	8,07 -9,70	8,40 - 9,75	2,663	2,719
Shopping centre portfolio	7,60 - 9,70	7,74 - 9,25	9,991	10,321
Office buildings Sweden	7,00 - 9,00	7,00 - 9,00	1,121	853
Culture and conference Sweden	7,00 - 9,00	7,00 - 9,00	372	399
Other				340

Sensitivities

Valuations are particularly sensitive to changes in the required rate of return and assumed future cash flows. A change of 0.25 per cent in the required rate of return, where everything else remains the same, would result in a change in value in the real estate portfolio in Norway of approximately 1 billion. Around 25 per cent of a real estate's cash flow is linked to signed leases. This means that changes in the uncertain components of the cash flow of 1 per cent result in a change in value of 0.75 per cent.

NOTE 18: DEPOSITS FROM BANKING CUSTOMERS

NOK million	30.09.12	31.12.11
Corporate market	7,825	6,956
Retail market	11,829	11,521
Total	**19,654**	**18,477**

Notes to the interim accounts Storebrand Group

NOTE 19: CONTINGENT LIABILITIES

NOK million	30.09.12	31.12.11
Guarantees	325	294
Unused credit limit lending	5,606	5,697
Uncalled residual liabilities re limited partnership	4,714	5,898
Other liabilities/lending commitments	1,892	1,409
Total contingent liabilities	**12,536**	**13,297**

Guarantees principally concern payment guarantees and contract guarantees. Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

Storebrand Group companies are engaged in extensive activities in Norway and abroad and may become a party in legal disputes.

Svenskt Näringsliv
SPP Livförsäkring AB (SPP), a wholly owned subsidiary of Storebrand Holding AB, which in turn is 100% owned by Storebrand Livsforsikring AS, is being sued under a writ of summons dated 16 June 2010, by Svenskt Näringsliv (Confederation of Swedish Enterprise) et al. with a demand for compensation in the amount of approximately SEK 3.7 million plus interest and costs. The allegation is that SPP is obliged to pay supplementary pensions (värde-säkringsbelopp) pursuant to the provisions in the so-called "ITP Plan", and "associated agreements", as well as the Alecta Board resolution on such index regulation. The plaintiffs also allege that SPP is obliged to index-regulate paid-up contract pensions (fribrevsuppräkna) for the period 2003 – 2006 in accordance with what Alecta has done (but which SPP has not done). The Stockholm District Court passed its judgement on 9 March 2012. The Court found for SPP, and awarded it costs of SEK 10.4 million plus interest from the time of the judgement and until payment is made. The judgement is unanimous.

On 29 March 2012, Svenskt Näringsliv et.al. appealed the judgement to the Svea Court of Appeal, with a concurrent application for a permit to have the case be fully tested by the appeals court. On 24 April 2012, the Appeals Court notified the appellants that the case has been granted a hearing. The appeal is expected to be heard during the first half of 2013. The appeal is focused on questions of principle that are important beyond the case in question, and a negative outcome is assumed to have a significant economic effect on the portfolio. Based on an overall assessment of the case, and based on external legal reviews, it is regarded as very unlikely that the judgement will be in favour of the appellants. Therefore, no provisions have been made relating to this lawsuit.

Kaupting Bank
Storebrand Luxembourg SA (Storebrand) is being sued by the bankruptcy estate of Kaupthing Bank HF with a demand for payment of USD 11,812,109 plus interest and costs. Storebrand received the writ of summons on 25 June 2012. The claim is primarily against Guy Butler Ltd., secondarily against RBC Europe Limited, and thereafter against Storebrand. The case pertains to a sale of bonds with a nominal value of USD 11,000,000 issued by Kaupthing Bank HF (US48632FAC59), which was performed by Storebrand Active Credit Fund in September 2008. The complainant submits that Kaupthing Bank HF was the real or final buyer of the bonds and that this is therefore a case of forced repayment of a debt that can be reversed. The proceedings are in an early phase, and no reason has as yet been found to make provisions in the accounts.

NOTE 20: SOLD/LIQUIDATED BUSINESS

Storebrand Bank ASA have decided to exit estate agency business and the Ring Eiendomsmegling AS Group will be liquidated or sold. As a consequence the annual result, assets and liabilities are classified as hold for sale in the Group accounting. The 2011 corresponding figures have accordingly been revised.

NOTE 21: BUFFER CAPITAL

NOK million	30.09.12	31.12.11	Changes
Additional statutory reserves	5,378	5,442	-63
Market adjusment reserves	2,379		2,379
Conditional bonuses	11,355	10,038	1,316
Change in currency differences			-16
Total	**19,112**	**15,480**	**3,617**

The excess value of held-to-maturity bonds valued at amortised cost totalled NOK 5.319 million at the end of the 3rd quarter - an increase of NOK 3.562 million since the turn of the year. The excess value of bonds at amortised cost is not included in the financial statements.

Notes to the interim accounts Storebrand Group

NOTE 22: CAPITAL REQUIREMENTS AND SOLVENCY REQUIREMENTS

The Storebrand Group is a cross-sectoral financial group subject to capital requirements pursuant to Basel I/II (capital adequacy) and the solvency rules on a consolidated basis. Pursuant to the solvency rules, solvency margin requirements are calculated for the insurance companies' in the Group, while for the other companies a capital requirement pursuant the capital adequacy regulations is calculated. The calculations in the tables below conform to the regulations relating to the application of the solvency rules on a consolidate basis, etc., Section 7.

Primary capital consists of core (tier 1) capital and supplementary capital. Pursuant to the regulations for calculating primary capital, core (tier 1) capital is materially different to equity in the financial statements. The table below shows a reconciliation of core (tier 1) capital in relation to equity. Issued hybrid tier 1 capital can account for 15 per cent of the core (tier 1) capital, while any overshoot can be included in the tier 2 capital. Core capital is adjusted for the value assessments that form the basis for solvency calculations at the national level for foreign companies (solvency regulations, section 4, 7th paragraph). For Storebrand Holding AB this will be an adjustment in SPP AB's estimated insurance liabilities involving the use of a different interest rate curve in the solvency calculation than that are used in the financial statements. Tier 2 capital which consists of subordinated loans cannot exceed more than 100 per cent of the core (tier 1) capital, while dated subordinated loan capital cannot exceed more than 50 per cent of the core (tier 1) capital.

Pursuant to Basel II the capital requirement for primary capital is 8 per cent of the basis for calculating the credit risk, market risk and operational risk. The insurance companies in the Group are included in capital adequacy with a capital requirement pursuant to the regulations in Basel I.

In a cross-sectoral financial group the sum of the primary capital and other solvency margin capital shall cover the sum of the solvency margin requirements for the insurance activities and the requirements for primary capital of financial institutions and securities firms.

In the solvency margin requirement that is used for the insurance companies, this requirement is calculated as 4 per cent of the gross insurance fund. This applies to both the Norwegian and Swedish businesses. In Sweden the requirement also includes 1 per cent of the conditional bonus and 0.1-0.3 per cent of mortality risk in unit linked insurance. The solvency margin capital in insurance differs slightly from primary capital which is used in capital adequacy. Primary capital includes a proportion of conditional bonuses, but this capital cannot be included in the solvency margin capital. A proportion of additional statutory reserves and the risk equalisation fund are also included in the solvency margin capital.

NOK million	30.09.12	31.12.11
Share capital	2,250	2,250
Other equity	17,457	16,528
Equity	**19,706**	**18,777**
Hybrid tier 1 capital [1)]	1,779	1,779
Conditional bonus [1)]		3,024
Interest rate adjustment of insurance obligations [1)]	-1,767	
Goodwill and other intangible assets	-6,421	-6,635
Deferred tax assets	-18	-58
Risk equalisation fund	-581	-469
Deductions for investments in other financial institutions	-2	-3
Security reserves	-260	-238
Minimum requirement reassurance allocation	-7	-7
Capital adequacy reserve	-102	-121
Other	-318	132
Core (tier 1) capital	**12,009**	**16,181**
Perpetual subordinated capital	4,910	5,024
Ordinary primary capital	299	400
Deductions for investments in other financial institutions	-2	-3
Capital adequacy reserve	-102	-121
Tier 2 capital	**5,104**	**5,300**
Net primary capital	**17,114**	**21,482**

Notes to the interim accounts Storebrand Group

Minimum requirements primary capital in capital adequacy

NOK million	30.09.12	31.12.11
Credit risk		
Of which by business area:		
Capital requirements insurance	10,028	10,653
Capital requirements banking	1,726	1,598
Capital requirements securities undertakings	10	9
Capital requirements other	54	48
Total minimum requirements credit risk	**11,818**	**12,308**
Operational risk/settlement risk	117	118
Deductions	-20	-24
Minimum requirements primary capital	**11,915**	**12,401**
Capital adequacy ratio	**11.5 %**	**13.9 %**
Core (tier 1) capital ratio	**8.1 %**	**10.4 %**

Solvency requirements for cross-sectoral financial groups

NOK million	30.09.12	31.12.11
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	11,915	12,401
- capital requirements insurance companies	-10,028	-10,653
Capital requirements pursuant to capital adequacy regulations	1,887	1,748
Requirements re solvency margin capital insurance	11,798	11,500
Total requirements re primary capital and solvency capital	**13,685**	**13,249**
Primary capital and solvency capital		
Net primary capital	17,114	21,482
Change in solvency capital for insurance in relation to primary capital		
Conditional bonus - not approved as solvency capital [1]		-3,024
Other solvency capital	3,099	3,060
Total primary capital and solvency capital	**20,212**	**21,519**
Surplus solvency capital	**6,527**	**8,270**

[1] In previous quarters, Storebrand has included accounting equity for the Swedish activity as a basis for calculating solvency and capital adequacy. As of the second quarter of 2012, Storebrand has changed the method by including solvency capital, which is calculated pursuant to Swedish capital adequacy rules, in the calculation of the consolidated solvency margin and consolidated capital adequacy. The Swedish subsidiary SPP AB has previously used a 10-year interest rate (government interest rate and housing interest rate) for the calculation of solvency capital. SPP has used a 30-year interest rate as a basis as of the second quarter of 2012.

In connection with Storebrand Life Insurance's 2007 acquisition of SPP, the Financial Supervisory Authority of Norway placed a condition on its approval by giving a time limited approval to include parts of the conditional bonus as primary capital. This approval ends on 1.4.2012.

Storebrand ASA

PROFIT AND LOSS ACCOUNT

	3Q		1.1 - 30.09		Year
NOK mill.	2012	2011	2012	2011	2011
Operating income					
Income from investments in subsidiaries					474
Net income and gains from financial instruments:					
- bonds and other fixed-income securities	27	-3	48	34	73
- financial derivatives/other financial instruments	-3	20	21	8	-12
Other financial instruments		1	1	3	4
Operating income	**24**	**18**	**69**	**45**	**539**
Interest expenses	-42	-42	-129	-116	-161
Other financial expenses	-3	-4	-12	-13	-16
Operating costs					
Personnel costs	-8	-7	-21	-23	-31
Amortisation			-1	-1	-1
Other operating costs	-28	-29	-105	-95	-133
Total operating costs	**-36**	**-37**	**-127**	**-120**	**-165**
Total costs	**-81**	**-82**	**-268**	**-249**	**-343**
Pre-tax profit	**-57**	**-65**	**-199**	**-203**	**196**
Tax	16		56		504
Profit for the period	**-41**	**-65**	**-144**	**-203**	**700**

Storebrand ASA

STATEMENTS OF FINANCIAL POSITION

NOK million	30.09.12	31.12.11
Fixed assets		
Deferred tax assets	687	632
Pension assets	46	46
Tangible fixed assets	31	32
Shares in subsidiaries	17,228	16,658
Total fixed assets	**17,993**	**17,368**
Current assets		
Owed within group		474
Lending to group companies	18	986
Other current receivables	46	5
Investments in trading portfolio:		
- bonds and other fixed-income securities	1,817	1,268
- financial derivatives/other financial instruments	66	53
Bank deposits	39	126
Total current assets	**1,987**	**2,912**
Total assets	**19,980**	**20,280**
Equity and liabilities		
Share capital	2,250	2,250
Own shares	-16	-18
Share premium reserve	9,485	9,485
Total paid in equity	**11,718**	**11,717**
Other equity	4,583	4,718
Total equity	**16,302**	**16,434**
Non-current liabilities		
Pension liabilities	195	195
Securities issued	3,465	3,544
Total non-current liabilities	**3,660**	**3,739**
Current liabilities		
Financial derivatives		23
Debt within group	1	46
Other current liabilities	18	39
Total current liabilities	**19**	**107**
Total equity and liabilities	**19,980**	**20,280**

Storebrand ASA

CASH FLOW STATEMENT

NOK million	01.01 - 30.09 2012	2011
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	58	64
Net receipts/payments - securities at fair value	-534	384
Payments relating to operations	-185	-153
Net receipts/payments - other operational activities	474	1,158
Net cash flow from operational activities	**-187**	**1,453**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	315	-991
Net receipts/payments - sale/purchase of property and fixed assets		11
Net cash flow from investment activities	**314**	**-979**
Cash flow from financing activities		
Payments - repayments of loans	-852	-874
Receipts - new loans	749	997
Payments - interest on loans	-121	-113
Receipts - issuing of share capital	11	17
Payments - dividends		-491
Net cash flow from financing activities	**-214**	**-463**
Net cash flow for the period	**-87**	**10**
Net movement in cash and cash equivalents	-87	10
Cash and cash equivalents at start of the period	126	74
Cash and cash equivalents at the end of the period	**39**	**84**

Notes to the financial statements Storebrand ASA

NOTE 1: ACCOUNTING POLICIES

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2011. The accounting policies are described in the 2011 annual report.
Storebrand ASA does not apply IFRS to the parent company's financial statements.

NOTE 2: ESTIMATES

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, and costs, and information in the notes to the financial statements. The final values realised may differ from these estimates.

NOTE 3: EQUITY

NOK million	Share capital [1]	Own shares	Share premium	Other equity	Equity 30.09.12	31.12.11
Equity as per 1 January	**2,250**	**-18**	**9,485**	**4,718**	**16,434**	**15,634**
Profit for the year				-144	-144	700
Experience pension						86
Own share bought back [2]		2		22	24	21
Employee share is [2]				-13	-13	-6
Total equity	**2,250**	**-16**	**9,485**	**4,583**	**16,302**	**16,434**

[1] 449,909,891 shares with a nominal value of NOK 5
[2] In 2012, 380 172 of our own shares were sold to our own employees.
Holding of own shares as per 30 September 2012 was 3 124 482.

NOTE 4: BONDS ISSUED

NOK million	Interest rate	Currency	Net nominal value	30.09.12	31.12.11
Bond loan 2009/2012	Variable	NOK	282		282
Bond loan 2010/2013 [1]	Fixed	NOK	200	208	211
Bond loan 2010/2013	Variable	NOK	400	336	400
Bond loan 2009/2014 [1]	Fixed	NOK	550	598	582
Bond loan 2009/2014 [1]	Fixed	NOK	550	574	570
Bond loan 2011/2016	Variable	NOK	1000	998	997
Bond loan 2012/2017	Variable	NOK	750	751	
Total bond loan				**3 465**	**3 042**
Bank loan 2011/2013	Variable	NOK	507		502
Total [2]				**3 465**	**3 544**

[1] Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
[2] Loans are booked at amortised cost and include earned not due interest. Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements.
Storebrand ASA has an unused drawing facility for EUR 210 million.

Deloitte.

Deloitte AS
Karenslyst allé 20
Postboks 347 Skøyen
NO-0213 Oslo
Norway

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the board of Storebrand ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand ASA (the Group) as of September 30, 2012, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the Group is not prepared, in all material aspects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU.

Oslo, 23 October 2012
Deloitte AS

Ingebret G. Hisdal (signed)
State Authorized Public Accountant (Norway)

Offices in Norway (incl. agents)
Tromsø, Trondheim, Kristiansund, Bergen, Stavanger, Kristiansand, Bø, Porsgrunn, Sandefjord, Tønsberg, Drammen, Asker, Sandvika, Oslo, Hønefoss, Hamar, Lillehammer, Jessheim, Sarpsborg, Fredrikstad, Molde, Ålesund, Lysaker, Ski.

Offices in Sweden
Göteborg, Linköping, Malmö, Stockholm, Sundsvall, Örebro.

HEADQUARTERS:

Storebrand ASA
Professor Kohts vei 9
P.O. Box 500
N-0114 Oslo, Norway
Tel.: + 47 22 31 50 50
www.storebrand.no

Call center:
+47 08880

OTHER GROUP COMPANIES:

SPP Livförsäkring AB
Torsgatan 14
S-10539 Stockholm, Sweden
Tel.: +46 8 451 7000
www.spp.se

Storebrand Livsforsikring AS,
- Swedish branch
Torsgatan 14
Box 5541
S-114 85 Stockholm, Sweden
Tel.: + 46 8 700 22 00
www.storebrand.se

Storebrand Kapitalforvaltning AS
- Swedish branch
Torsgatan 14
Postboks 5541
S-114 85 Stockholm, Sweden
Tel.: +46 8 614 24 00
www.storebrand.se

Storebrand Helseforsikring AS
Filipstad Brygge 1
Postboks 1382 Vika
N-0114 Oslo, Norway
Tel.: +47 22 31 13 30
www.storebrandhelse.no

Storebrand Helseforsikring AS
- Swedish branch
Rålambsvägen 17, 14tr, DN huset
Box 34242
S-100 26 Stockholm, Sweden
Tel.: +46 8 619 62 00
www.dkvhalsa.se

Oslo Reinsurance Company AS
Ruseløkkveien 14
Postboks 1753 Vika
N-0122 Oslo, Norway
Tel.: +47 22 31 50 50
www.oslore.no

Financial calender 2012

14 February	Results 4Q 2011	3 May	Results 1Q
7 March	Embedded Value 2011	13 July	Results 2Q
18 April	Annual General Meeting	24 October	Results 3Q
19 April	Ex dividend date	February 2013	Results 4Q 2012

foto: johner

Investor Relations contacts

Trond Finn Eriksen	Head of IR	trond.finn.eriksen@storebrand.no	+47 9916 4135
Kjetil Ramberg Krøkje	IR Officer	kjetil.r.krokje@storebrand.no	+47 9341 2155
Tone Indrebø Næs	IR Officer	tone.indrebo.nas@storebrand.no	+47 9590 5514
Sigbjørn Birkeland	Finance Director	sigbjorn.birkeland@storebrand.no	+47 9348 0893
Lars Løddesøl	CFO	lars.loddesol@storebrand.no	+47 2231 5624

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Storebrand ASA
Professor Kohtsvei 9, P.O. Box 500, N-1327 Lysaker, Norway
Telephone: +47 22 31 50 50, www.storebrand.com/ir